

# MIDHCO

## Social Responsibility Report

• 2020 •



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Social responsibility management

1



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3



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Social  
Responsibility  
Management



Economic  
value  
Creation



Protection  
and  
Improving the  
Environment



Development  
of Human  
Capital and  
Community

## In The Name Of God



In 1399, in line with the slogan of «production jump» announced by the Supreme Leader, Midhco has always tried to accelerate Iran's development by maintaining the level of production in the conditions caused by the corona outbreak. In 1399, Midhco has continued developing through managing the risks resulting from the Corona pandemic and the reduction in the country's economic growth, and has successfully completed production plans and projects.

## Message from CEO

The outbreak of Covid-19 in 1399 had widespread economic and social consequences in the world and consequently in Iran. In this pandemic, both businesses and individuals were influenced, and Midhco was not an exception. Despite this profound and effective challenge, using the support of stakeholders, customers, suppliers, partners, the local community and, most importantly, coworkers, Midhco thrived to increase its credibility in this difficult time and not to allow this pandemic to disturb the development of Midhco.

In this year, in line with the slogan of "production jump" announced by the Supreme Leader, Midhco has always tried to accelerate Iran's development by maintaining the level of production in the conditions caused by the corona outbreak. In 1399, Midhco has continued developing through managing the risks resulting from the Corona pandemic and the reduction in the country's economic growth, and has successfully completed production plans and projects.

The Covid Pandemic showed the importance of social responsibility in business to everyone. Accordingly, Midhco considers social responsibility as one of its pillars and considers the goals of sustainable development as a guide in orienting the policy of social responsibility. These goals, which are based on the human and divine values of the Iranian society, provide a platform to achieve comprehensive and sustainable development using the capacities of Midhco.

In 1399, in order to preserve the health of employees, country's economic growth, community development, and preserve environment, Midhco took its social responsibility more seriously. Midhco's aid to medical centers and hospitals to provide equipment and necessities in managing Covid-19, reducing the frequency and intensity rate of accidents at Midhco, developing landscape in industrial and marginal spaces of production buildings, and direct and indirect aids to local community shows the concern of Midhco's coworkers and partners in line with the social responsibility of this corporation.

In addition, with the expansion of technology and innovation development system and knowledge management and development of innovation culture, Midhco seeks to put technology in the service of the environment, economic value creation, and greenhouse gas reduction, and as a leading group in Iran, lead mining and steel-making industries to a green and sustainable industry.

The path of growth and excellence of Midhco continues with the help of God Almighty and in this path, Midhco's responsibilities towards the development of Iran pave the way for this excellence with the participation of all beneficiaries. The social responsibility report of Midhco in 1399 is a small but valuable step that demonstrates the efforts of Midhco colleagues to deepen and expand this view at Midhco.

**Ali Asghar Pourmand, CEO of Midhco**

Social responsibility in Midhco is an approach spread across the whole company's business. By realizing the effects of industrial activities on communities, Midhco has made the prevention of damage to the environment and host communities as one of the principles of corporate governance and accordingly, has tried to implement the principles of social responsibility in projects, production complexes, and subsidiary companies by compiling upstream documents and creating a proportionate structure. In addition, understanding the expectations of beneficiaries from Midhco and implementing operational measures to increase satisfaction in beneficiaries is the basis for social responsibility in Midhco, so that these programs ultimately lead to integration in the social responsibility management system and simultaneous host communities development with Midhco development.



## Social Responsibility Management

### Section 1: Social responsibility management

- Structure of social responsibility report
- Pillars of Social Responsibility in Midco
  - Midhco social responsibility policy
  - Principles of Midhco social responsibility
  - Sustainable development goals at Midhco
  - Structure of social responsibility in Midhco
  - Midhco social responsibility documents
- Social responsibility in the corporate governance of Midhco
- Midhco's role in national development
- Midhco's Beneficiaries
  - Identifying the beneficiaries
  - Replying to the beneficiaries at Midhco
  - Social responsibility at Midhco: X-RM system
- Midhco at a glance

## Social Responsibility Management





Midhco Social  
Responsibility  
Report

2020

## Structure of social responsibility report 1399

The Midhco social responsibility report in 1399 is the third report that Midhco has publishes in order to clarify and inform Midhco's performance in economic, social, and environmental dimensions. In line with its social responsibility policy, Midhco holding seeks to build sustainable relationships, active participation and long-term commitment to the development of host communities, and pursues this through mutual understanding, respect, and accountability to these communities in business activities.

Accordingly, the social responsibility report has tried to consider Midhco's performance in these dimensions in 4 headings. These 4 topics are as follows:



Social  
Responsibility  
Management



Development  
of human  
capital and  
community



Protection and  
improving the  
environment



Economic  
value creation



Social  
responsibility  
management



Economic  
value  
Creation



Protection  
and  
Improving the  
Environment



Development  
of Human  
Capital and  
Community

### Principles of reporting

In addition to this framework, Midhco's vision for activities at global level has encouraged this holding to align its social responsibility actions and activities with the United Nations Sustainable Development Goals (SDGs). These goals, which are a plan to achieve a better and more sustainable future in facing the global challenges, include 17 goals at international, national, and local levels.

The Social responsibility report has been developed according to the Fourth Edition of the Global Reporting Initiative (GRI4). The initiative provides a framework for sustainable development reporting for organizations and companies in various

industries, and specifies chapters and topics related to corporate social responsibility in the economic, environmental, social, and public sectors. The basis for using this framework has been the analysis of Midhco beneficiaries and the identification of issues related to each of the beneficiaries in relation with Midhco.

Moreover, due to the constant presence of Midhco in the evaluations of the Management Social Responsibility Award, in this report, a comparison is made between the titles and topics proposed and the model presented in this award, and its considerations are attached.



SUSTAINABLE  
DEVELOPMENT GOALS



### Reporting interval

Most of the information presented in this report covers the activities and achievements of Midhco in the fiscal year 1399 (from the beginning of 2020 to 30 March). However, to compare Midhco's previous years, information has also been provided for three years ranging from 1397 to 1399, which show the trend of statistics.

### Previous reports

Midhco has published social responsibility report publicly on its official website for the third year in a row.

Year 1398 report	Year 1397 report	Year 1396 report
Fiscal year: 2019 Type of publication: Publicly	Fiscal year: 2017 Type of publication: Publicly	Fiscal year: 2017 Type of publication: Internal
		
		
		Published in print

MIDHCO  
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### Reporting range

This report mostly contains Midhco's aggregate information on activities across Iran. The stated financial information is extracted from Midhco consolidated invoices. However, some of the actions and initiatives of Midhco companies and production complexes have been considered in the form of "Midhco's Social Responsibility" to provide a comprehensive picture of Midhco social responsibility activities at the national and local levels.



## Midhco Social Responsibility Policy

1

### Our goal

Establishing sustainable relationships, active participation and long-term commitment to the sustainable development of the host communities



2

### With respect to

Mutual respect and understanding, and accountability for our social relationships with the host communities. Wherever it operates, especially in less developed areas, Midhco will try to best respect the diverse cultures, lifestyles, cultural heritage and traditions of its neighbors, and to carry out its activities in accordance with them.

3

To form a close cooperation by taking into account the views of the people and the consequences of its activities, and to promote the level of active participation at the national, provincial, regional and local levels, based on mutual commitment and trust.

4

To cooperate in host communities to pave the way for the sustainable development of regional employment education and creating opportunities for small business in order to create new facilities and develop existing facilities to achieve more productive life.

5

To support the social development activities of the host communities, such as the development of health, education, agricultural development programs, and environmental protection along with other institutions.

1

### Principle 1 - Sustainable Development

Midhco seeks sustainable development through identifying social and economic opportunities while paying attention to the internal and external environment. This holding pays attention to the environmental constraints and natural resources and maintains and improves its conditions for future generations, in order to meet the current needs of itself and the host communities.

2

### Principle 2 - Ethical Performance

In interaction with all beneficiaries, Midhco takes ethical approach as its top priority, including fairness, transparency in operations, financial and administrative health, respect for beliefs, and ethics.



3

### Principle 3 - Value Creation for Beneficiaries

In addition to earning a decent return on investment of its shareholders and business partners, Midhco tries to make the activities of its factories and companies profitable and value-creating for its host communities, and to go even further.

4

### Principle 4 - Social Acceptability

Midhco strives for the majority of beneficiaries, especially the majority of the host community of any company or factory, to accept its activities and thus maintain and increase its social acceptance. This company operates in such a way as to gain the trust of the host communities in those activities and to create a positive outcome in the public opinion of the majority of the host community.



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Social  
Responsibility  
Management



Economic  
value  
Creation



Protection  
and  
Improving the  
Environment



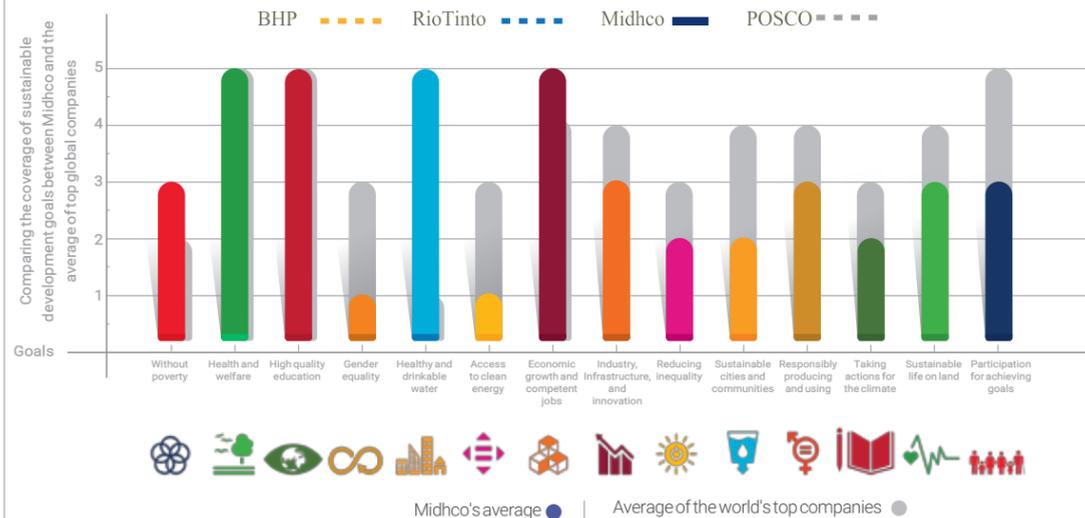
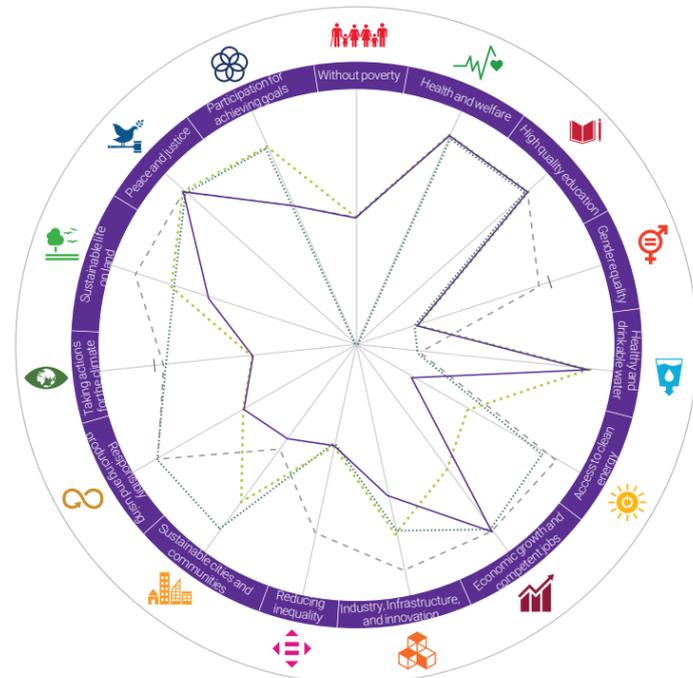
Development  
of Human  
Capital and  
Community

## Sustainable Development Goals at Midhco

The United Nations divided the Sustainable Development Goals into 17 groups in 2015. These goals are a framework for a joint action entitled "People of the Earth and Prosperity" that must be implemented by all countries.

Midhco's focus on sustainable development goals has varied according to the strategies and resources available. Attention to health and welfare are the first focus of Midhco and the establishment of peace and justice in work, environment and the development of

industry and innovation along with the sustainable development of cities and communities has been the main priorities of Midhco's activities. One of the planning sources of Midhco in social responsibility is the comparative study of the company's actions in the field of sustainable development goals with the top global companies such as bhp billiton, Rio Tinto, ArcelorMittal, and Posco. The results of this comparative study are as follows:



## Structure of social responsibility in Midhco

### Members of the Midhco Social Responsibility Committee



**Masoud Frahnak**  
Secretary of the Committee



**Mohammad Jafar Ekram Jafari**  
Head of Committee



**Seyed Mostafa Sabzevari**  
Committee Member



**Saeed Filsoofian**  
Committee Member



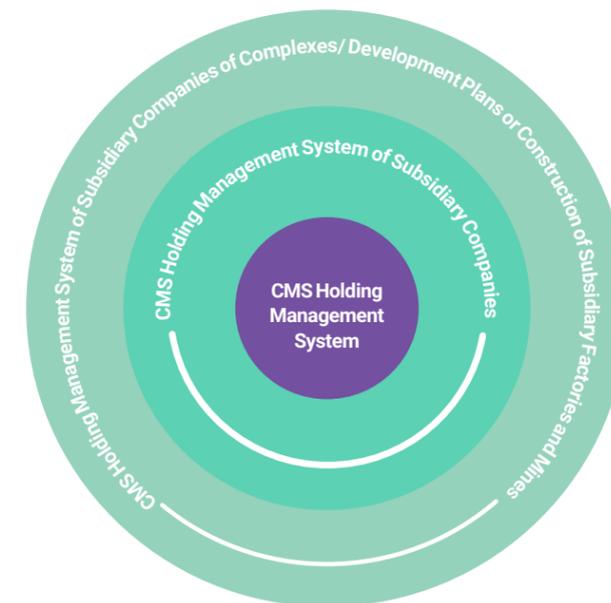
**Ibrahim Bagheri**  
Committee Member



**Hooshang Pour Reza Gholi**  
Committee Member

The Social Responsibility Content Management System (CMS) of Midhco includes the CMS of the holding, the CMS of subsidiary companies, and the CMS of complexes, as well as development and construction plans of subsidiary factories and mines. According to this structure, the CMS of complexes

and plans for the development and construction of subsidiary factories and mines must comply the CMS of the relevant subsidiary company and its social responsibility policy, and the CMS of the subsidiary companies must comply with the the CMS and social responsibility policy of the Midhco.

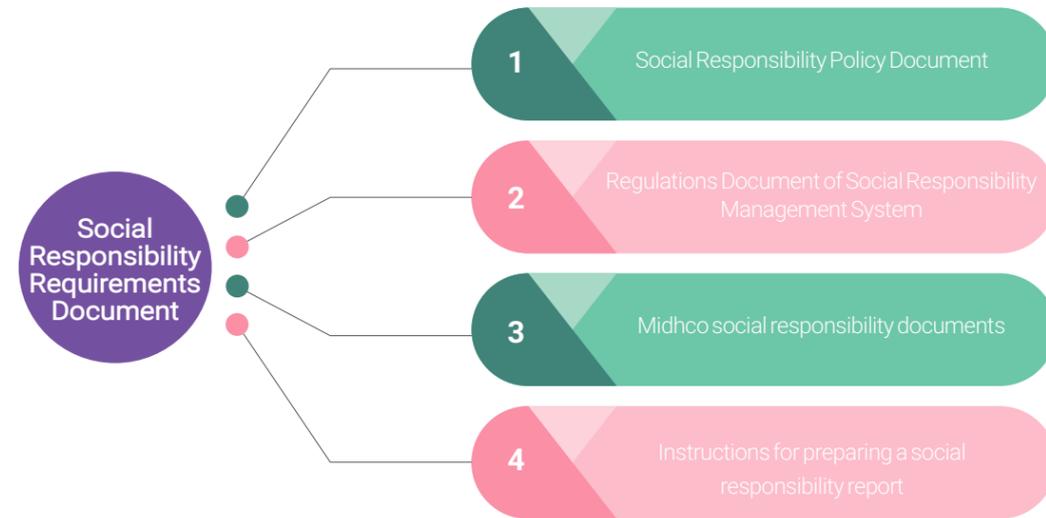




## Midhco social responsibility documents

In order to ensure comprehensive and inclusive attention in all relevant organizational departments to its responsibility in society and to create alignment and its consequent synergy at the level of Midhco headquarters and its subsidiaries units Midhco has established an integrated management system in the field of social responsibility in accordance

with documents, such as policy document, social responsibility requirements document, social responsibility management system charter document, and guidelines for preparing a social responsibility report, which the development of relationships and attention to beneficiaries, support and involvement with society is one of its main goals.



1

### Social Responsibility Policy Document

According to this document, host communities are of high importance for Midhco. Midhco activities with the adaptation of local communities and a commitment to a high level of active participation at the national, provincial, regional and local levels, taking into account the opinions of the people and the consequences of its activities. Also to cooperate with host communities in the direction of sustainable development, regional employment education, and creating opportunities for small business, and to support the social development activities of host communities such as health development, education, agricultural development programs and environmental protection, in cooperation with other institutions.

2

### Regulations Document of Social Responsibility Management System

The purpose of developing Midhco's CMS is to explain the macro structure of CMS of Midhco and its subsidiary companies, the responsibilities and duties of the macro structure of CMS of Midhco and its subsidiary companies, relationships and interaction of CMS of Midhco and its subsidiary companies, as well as to explain activities and actions related to CMS of Midhco and its subsidiary companies, based on the requirements of Midhco Social Responsibility. This regulation suggests that the companies covered by Midhco, formulate their own policy and goals while creating the necessary executive and management structure in accordance with the Midhco social responsibility policy, so that each company can ensure the sustainable development of the company and subsequently, the sustainable development of Midhco by establishing a social responsibility system with business processes and integrating it with other management systems in each company and the complex.

3

### Instructions for preparing a social responsibility report

The purpose of compiling this instructions is to determine the method of preparing the social responsibility report (sustainability report) of Midhco subsidiary companies and to identify the factors influencing the company's activity in order to prepare improvement plans to maintain sustainability based on the results. In this regard, managing the holding's social impacts and interactions with host communities, managing programs and actions related to sustainable social development in the host communities, and purposeful and optimal management of financial aid and Midhco's social development projects in host communities, reduce potential negative risks to the holding and will enhance its operational power in its development and economic and industrial activities.

4

### Social Responsibility Requirements Document

This document includes a description of measures to manage relationships with beneficiaries of the Program Management Organization and actions related to the sustainable development of the organization's business and the development of the organization's capacity to adapt to international trade in the areas of: compliance with business ethics and human rights, customer satisfaction, protecting the environment, improvement of health and safety of employees and contractors, the integration of organizational assets, and the development and improvement of the quality of life of the community.



## Social responsibility in the corporate governance of Midhco

We understand that our business has a potential impact on local communities, so we try to be aware of their expectations and concerns by connecting with local beneficiaries, especially those who are most affected by our activities. For this purpose, all Midhco's companies that have local connections are required to have a social communication plan to institutionally deal with the above issues.

In the design of programs, social activities of each work site are defined and necessary measures are foreseen to promote the welfare and vitality of the local people. It is very important for the social programs to be implemented apart from any political doubts. Therefore, all social investments must be implemented with the consent of Midhco and after the evaluation and formal approval process.

The people in charge of implementing social investment projects must be careful in selecting partners and executives so that the activities are carried out with a correct understanding of the expectations and adequate supervision. The people in charge should be aware of the local cultural sensitivities and be well aware of their

mores and traditions, and it should be noted that you, the officials of Midhco, are considered as local ambassadors of Midhco and your behavior affects people prospective towards Midhco.

Midhco's ability to establish a transparent relationship with the segments in which we operate is crucial to our future position.

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Our goal is to be respected in different environments and places where we work and to be recognized as an exemplary and valuable company. To achieve this goal, Midhco communicates regularly, openly, and honestly with the people who are influenced by our activities, and we take their opinions and considerations into account in our decisions.



- Do not make the implementation of social programs conditional on receiving special local privileges, not even for the benefit of the beneficiary or the benefit of Midhco.
- Do not support any particular political or ethnic group except in special cases, such as supporting a vulnerable group in the community, which must be approved by Midhco beforehand.
- Do not support any political candidate for elections in the country as a company.
- Implementing social programs should not damage the sovereignty of the government at any level.





## Midhco's Role in National Development



### General Policies of the Ministry of Industry, Mines and Trade in 1399

- |  |   |
|--|---|
| <b>1</b> Development and deepening of domestic construction in line with the production jump | <b>4</b> Developing technology and knowledge-based products         |
| <b>2</b> Managing import and development of non-oil exports                                  | <b>5</b> Market management and organization of commercial logistics |
| <b>3</b> Developing mines and mining industries by implementing the road map                 |   |

### Midhco's actions

#### **1** Development and deepening of domestic construction in line with the production jump

Midhco has established IMICO subsidiaries with the aim of integrating and managing knowledge and technology transfer in four areas of factory construction, systems construction, machinery and equipment manufacturing, and parts manufacturing.

The transfer of technology at all four levels in the field of mines and mining industries, its absorption and deposition in IMICO and then its use in future projects is another goal of this company. IMICO has brought together a group of young engineers and experts in mines and mining industries to take a big step towards Iran's progress with knowledge, skills, experience and power of youth.

#### **2** Managing import and development of non-oil exports

Midhco has completed the value chain of its products from mining to steel in an effort to develop non-oil exports.

One of the duties of Aftab Derakhshan of Middle East Company is to sell the products of its subsidiary companies with the priorities of export and creating a brand in the domestic and foreign markets.

#### **3** Developing mines and mining industries by implementing the road map

Midhco's most important strategy has been to start a production chain from the mines. In this regard, today, Midhco Company has the highest volume of mining operations in this field in the country and is the only mining industry complex in the country that has started development from the exploration place.

#### **4** Developing technology and knowledge-based products

Midhco has tried to turn technology development into organizational procedures at the level of its activities, by cooperating with domestic and foreign research and technological institutes and companies in the form of its own domestic research and innovation companies and formulating knowledge management and development processes.

#### **5** Market management and organization of commercial logistics

Midhco has specially planned for logistics in the field of mines and mining industries. Samangan Middle East Transportation Company has become one of the subsidiary companies with the aim of managing the transportation of mineral products between Midhco sites. Samangan Iranian Transportation Company is one of the dynamic and leading companies in the field of road transport in Kerman province.





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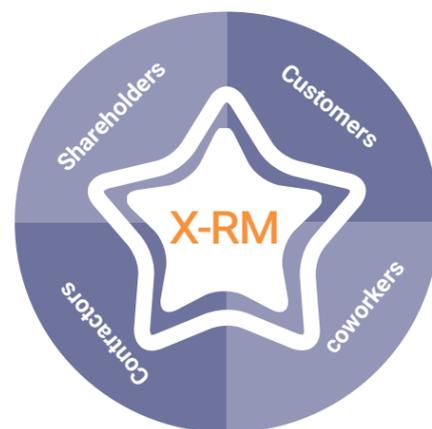
## XRM communication system: A bridge between beneficiaries and Midhco



One of the most important strengths in the communication channels of the new age is its two-way interactive and participatory platform. Accordingly, Midhco has tried to create new communication platforms for interaction with beneficiaries along with the widespread use of social networks and the evolution of communication methods. In addition to having an official e-mail, official page on Instagram and the social network Linked-in, Midhco has recently launched a system called X-RM to better communicate with the beneficiaries.



X-RM is a system for communicating with a wide range of beneficiaries and organizational stakeholders, including clients, shareholders, partners, contractors, as well as other beneficiaries. Each beneficiary can easily register suggestions and ideas by registering basic information about the subject and email, and follow the registered comments by receiving a unique code. The X-RM system has been launched at the end of year 1399 and is set to become a tool in the future to use the collective wisdom of ideas, innovations and suggestions from individuals using crowdsourcing, in order to help manage Midhco.



## Midhco at a glance

18,449 people **2**

Midhco has specialized and young human capital.



14 years of activity **1**

Midco has 14 years of experience in investment and production in mining and steel industries.



4,300 hectares of landscape **3** 900 thousand trees

Midhco has been able to help develop the landscape in the areas surrounding its activities.



52% decrease **5**

Decrease in recurrence-severity index of accidents: Safety is the priority of Midhco work environment.



22 billion tomans **4**

19 billion tomans to help social responsibility: Midhco defines helping to develop local communities as one of its main policies.



4.6 billion tomans **7**

HSE costs



14.4 million tons **6**

14.4 million tons of mineral and steel products: Midhco maintained its production and profitability level in 1399, despite the corona outbreak.



Based on its strategic motto, Midhco has focused on comprehensive development by promoting the value of shareholders' shares and gaining the satisfaction of key beneficiaries. In this way, in the year 1390, Midhco successfully completed development and production projects and achieved a net profit increase through dynamic risk management and using the experiences of managers. In 1399, with 17 subsidiary companies, Midhco produced a total of 14.5 tons of minerals and steel and managed to achieve a net profit of 21,941 billion rials.



## Economic value creation

### Section 2: Economic value creation

- Strategic dimensions of Midhco
  - Organizational values in Midhco
- Management structure in Midhco:
  - Midhco board Members
- Midhco shareholders
  - Midhco subsidiary companies
- Midhco production projects across Iran
- Production performance of Midhco in year 1399:
  - Production performance of main products
  - production in Midhco mines
- Economic performance of Midhco:
  - Midhco in the country's development
  - Evaluating customer satisfaction in Midhco
- Knowledge management system in Midhco
- Risk management system in Midhco
- Midhco honors and awards in 1399
- Ethical responsibilities of Midhco business:
  - Social responsibility in action: MIDRP





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Development  
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# Strategic Dimensions of Midhco



Our development starts from mine



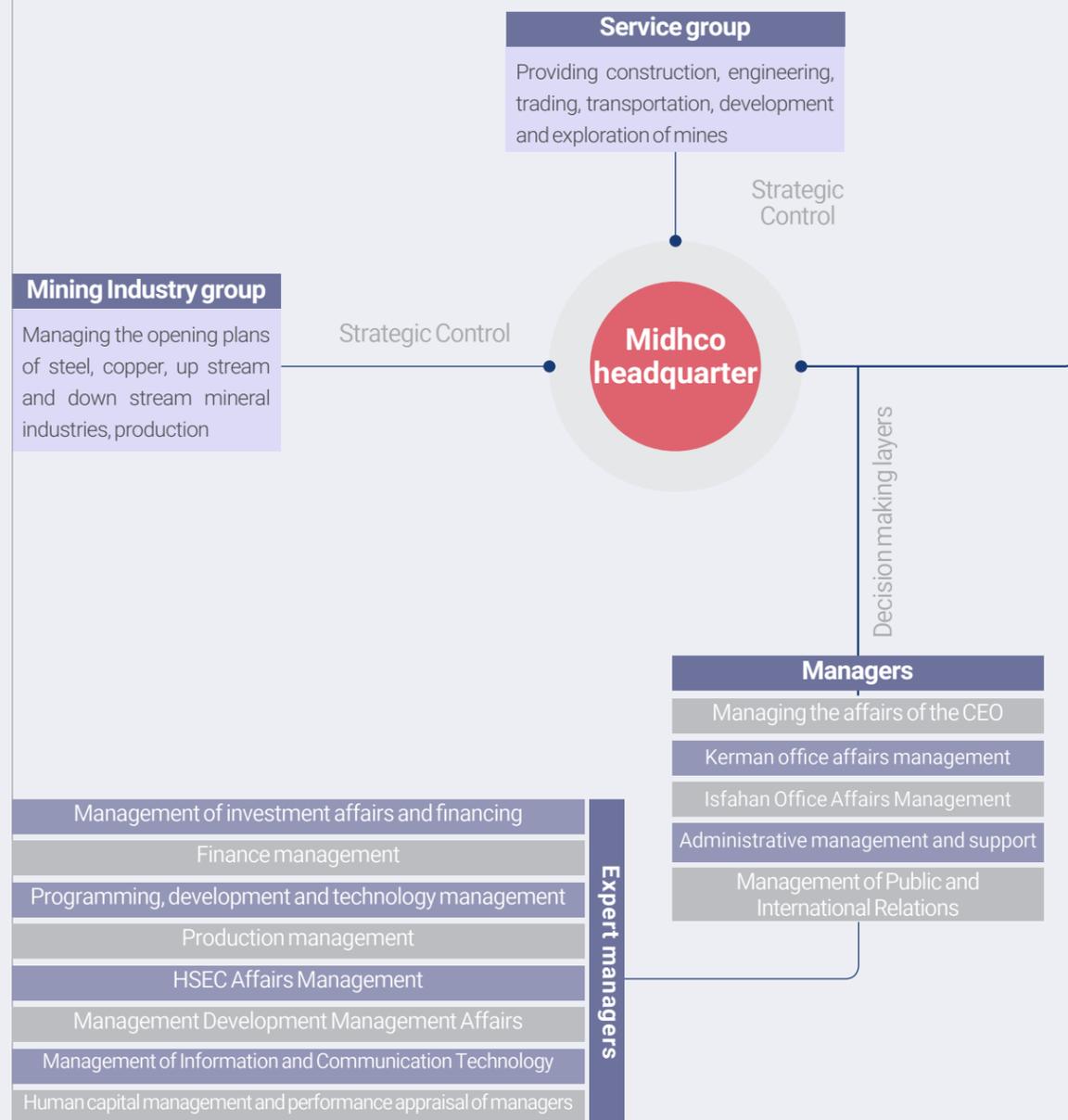


## Management structure of Midhco

Midhco management structure is designed and implemented in order to increase organizational agility and productivity. This adhoc based structure is interactive style of strategic control and high communication to help Midhco achieve its vision and mission. This structure has been defined and implemented so far in the form of two projects, "Review of the organizational structure of Midhco companies" and "Design of the organizational structure of the factories that will be put into

operation" and it will be reviewed and redesigned in the coming years.

Midhco's management structure helps the company achieve long-term and sustainable development and effectively implements social responsibilities in business-related activities through effective monitoring of decision-making processes and implementation of innovative actions at the level subsidiary companies.



**Board of Directors** Composed of 5 main members and 2 alternate members  
Establishing effective governance of Midhco in the interests of shareholders and balance the interests of other beneficiaries, including customers, partners, investors, and local communities



Committees		
Main	<b>Planning Committee</b>	Develop strategies, goals and action plans
	<b>Organizational Development and Management Committee</b>	Policy-making, decision-making on the management of Midhco and its subsidiaries, development of structures, systems and methods, ICT and human capital
	<b>Finance Committee</b>	:Financing management, review and approval of annual budget, justification of investment plans of holding companies and subsidiaries and realization of dividends and affairs of assemblies
Specialized	<b>Human Capital Development Committee</b>	Policy-making and decision-making on staff issues
	<b>Information and omunication Technology Committee</b>	Develop, review, and monitor the performance of systems and ICT plans
	<b>Projects Committee</b>	Technical review of plans and feasibility studies provided, monitoring of project progress
	<b>London Metal Exchange and Commodity Exchange Committee</b>	Managing capital market related activities
	<b>Organizational Excellence Committee</b>	self-assessment planning, improvement projects, training courses, and drafting and reviewing declarations
	<b>Cultural, Sports and Welfare Committee</b>	Policy-making and determination of welfare, cultural and sports programs
	<b>Social Responsibility Committee</b>	Managing social responsibility programs and managing beneficiaries
	<b>Knowledge Management Committee</b>	Review issues and actions in development programs focusing on knowledge management
	<b>HSEC Committee</b>	Policy-making and determination of Midhco HSEC programs, review of current issues, and decision on the implementation of the same programs at the holding level
	<b>Management Committee for Prevention and Response to Risks</b>	Crisis prevention and its effective management at the time of occurrence with the cooperation of the organization's external beneficiaries in a systematic manner
<b>Accounting Committee:</b>	Review assignments on internal auditing and independent auditing	
<b>Risk Committee</b>	Identifying and monitoring external, operational, financial, and organizational sustainability risks	

Midhco management structure with the least number of management layers has reduced the scope of supervision and has created an agile company. The structures that exist in Midhco companies and manufacturing complexes are product-based. This structure in these factories, whose technologies are complex, can meet the needs. The main feature of the organizational structure of Midhco companies and

factories is being a process-oriented structure. In reviewing the organizational structure, attention has been paid to the strategic changes of organizational conflicts, teaching activities for higher efficiency, and agility. In away that, in the last revision, the management development units and ICT have been separated and the same thing has happened in the administrative and support units and public relations and international affairs.



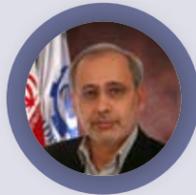
**Midhco Board Members**



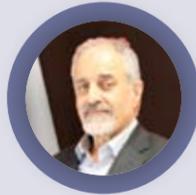
**Dr. Majid Qasemi**  
Chairman of the Board



**Ali Palizdar**  
Deputy CEO and member of the board



**Dr. Ali Aagar Pourmand**  
CEO and Vice Chairman of the Board



**Dr. Bahram Sobhani**  
Member of the board

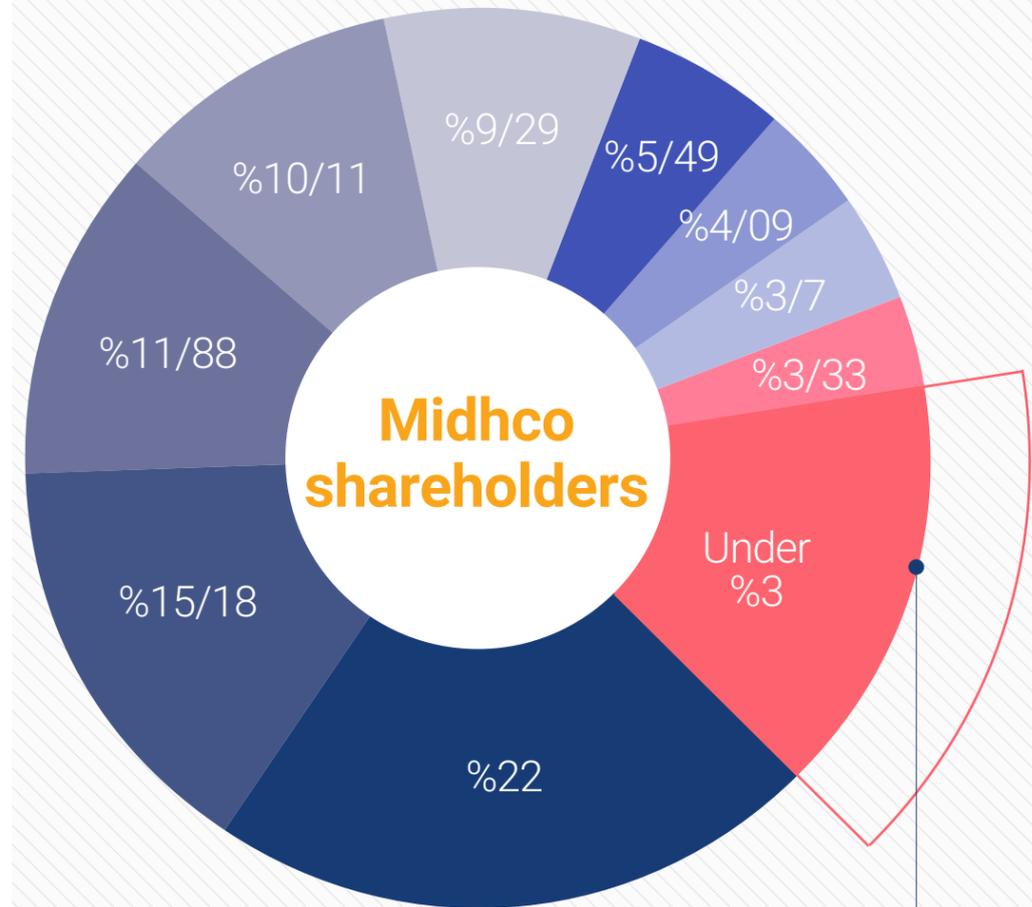


**Reza Ashraf Semnani**  
Member of the board

In 2007, the Middle East Mines and Mining Industries Development Holding Company (Public Joint Stock Company) has been registered in the General Office of Companies Registration and Industrial Property of Tehran by relying on knowledge and expertise as well as industrial mining banking support and benefiting from the most efficient natural and legal persons and with an initial capital of one thousand billion Rials (1,000,000,000 Rials).

The company intends to take steps in line with government policies in relation to paragraphs A, B, and C of Article 44 of the Constitution with the aim of developing the mining sector and mining industries, strengthening the private sector, reducing government outsourcing, developing industrial and mining entrepreneurship and turning the potential capacity of the country to de facto capacities.

**Midhco shareholders**



- Other legal and real shareholders
- Middle East Mabna Company (Private Joint Stock)
- Pars Arian Investment Company (Public Joint Stock)
- Iranian Capital Strategy Company (Private Joint Stock)
- Pasargad Value Creators Company (Public Joint Stock)
- Pishgan Mihanegar of Pars Trading Company (Private Joint Stock)
- Danagostar Caspian Company (Private Joint Stock)
- Andisheh Tejarat Soroush Sahand Company (Private Joint Stock)
- Pouya Andishan Sarzamin Mad Company (Private Joint Stock)
- Companies with less than 3% shares

3.01	Atieh Supply Construction Company (Private Joint Stock)
2.49	Qarb Iranian Trade Development Company (Private Joint Stock)
2.37	Pars Hafez Management Development Company (Private Joint Stock)
1.85	Matin Development Innovative Company (Private Joint Stock)
1.12	Padideh Taban Tejarat Company (Private Joint Stock)
1.06	Nasim Tejarat Farda Company (Private Joint Stock)
1.02	Pasargad Insurance Company (Public Joint Stock)
1.01	Hafez Andisheh Mad Company (Private Joint Stock)
1.00	Armaghan Sustainable Trade Company (Private Joint Stock)



Midhco subsidiary companies



1 Production Companies Group  
Steel-making Group

Butia Iranian Steel Company    
 Iranian Steel Sirjan Company    
 Zarand Iranian Steel Company

Memradco Company    
 Iranian Babak Copper Company    
 **Copper Group**

Ferrosilice Qarb Pars Company    
 **Ferrosilicon Group**

Memradco Company    
 Pabdana Coal Processing Company    
 **Coal Group**

Memradco Company    
 **Lime and dolomite groups**

2 Engineering, Technology, and Research Services Group

Iranian Fartak Research and Innovation Company    
 Middle East Meyar Sanat Engineering Co

3 Mining Exploration and Equipment Group

Middle East Mines Reconstruction and Development Co    
 شرکت مدیریت ساخت تجهیزات معادن و صنایع معدنی ایرانیان Iranian Mine and Mineral Industries Construction Company

4 Transportation Group

Middle East Mines Reconstruction and Development Co    
 Iranian Samangan Tarabar Co

5 Commerce Group

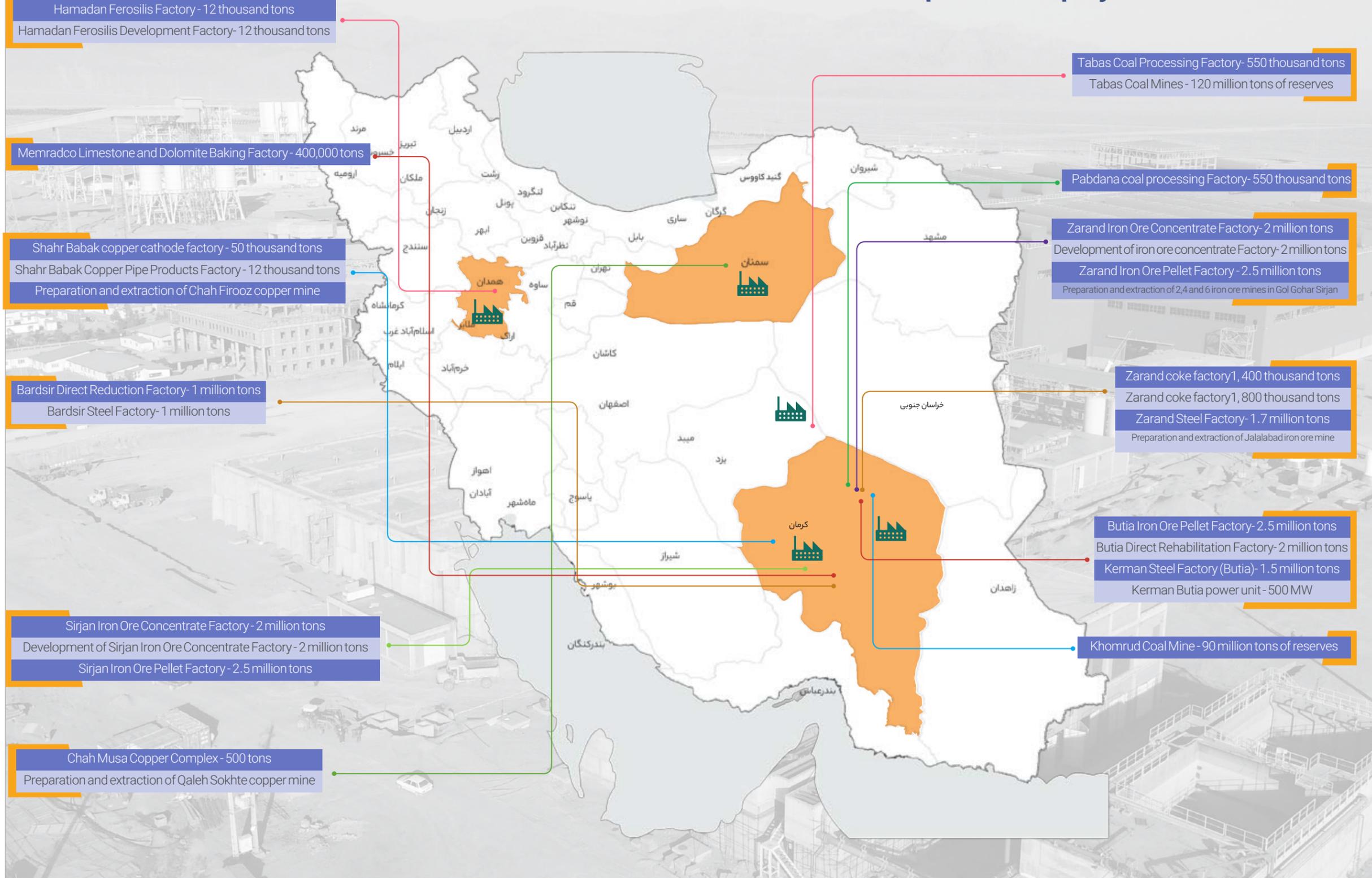
Middle East Shining Sun Commercial Co (MESCO)    
 GMI Company    
 WMI Company

6 Construction Group

Mana Iranian Industrial Development and Renovation Co    
 Iranian Industries Development and Renovation Construction Company - Mana



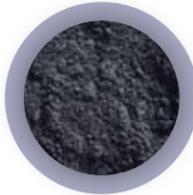
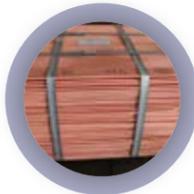
## Midhco production projects across Iran





## Midhco production performance in the year 99

### Production performance of main products

	<b>Product:</b> Iron ore pellet <b>Production performance (ton):</b> 6,220,802		<b>Product:</b> Iron ore concentrate <b>Production performance (ton):</b> 6,107,710
	<b>Product:</b> Cogged ingots <b>Production performance (ton):</b> 631,090		<b>Product:</b> Sponge iron <b>Production performance (ton):</b> 762,167
	<b>Product:</b> Tar <b>Production performance (ton):</b> 7,953		<b>Product:</b> Metallurgy Coke <b>Production performance (ton):</b> 243.652
	<b>Product:</b> Ferosilis <b>Production performance (ton):</b> 22,386		<b>Product:</b> Processed coal <b>Production performance (ton):</b> 240,258
	<b>Product:</b> Copper cathode <b>Production performance (ton):</b> 6,984		<b>Product:</b> Copper pipe <b>Production performance (ton):</b> 2,466
<b>Total: 14,408,747</b>			<b>Product:</b> Burnt lime <b>Production performance (ton):</b> 163,279

## Midhco production performance in the year 99

### Production in Midhco mines

Extraction performance (tons) 118,004 137,178	<b>Copper stone</b> Copper of Chah Musa Chah Firoozeh	
Extraction performance (tons) 6,060	<b>Raw coal</b> Tabas 3 coal	
Extraction performance (tons) 92,600	<b>Lime stone</b> Memradco lime	
Extraction performance (tons) 9,460	<b>Dolomite stone</b> Memradco dolomite	
Extraction performance (tons) 43,500 7,000	<b>Silica stone</b> Quartz Ravansar Quartz Nahavand	
Extraction performance (tons) 2,395,573 1,303,013 5,582,918	<b>Silica stone</b> Gol Gohar 4 Gol Gohar 2 Jalal Abad	
<b>Extraction performance (tons)</b> 9,696,306	<b>Total</b>	



## Midhco Economic performance

### Midhco in country development

In 1399, despite the economic effects of the Covid-19 pandemic in Iran and the world, Midhco was able to manage the effects of the recession in the business environment of Iran and the world. In this year, Midhco continued the development projects while maintaining profitability and production by the help of optimal risk and project management and regulating financial discipline.

Zarand Steel Complex with a capacity of 1.7 million tons and Lime and Dolomite Complex with a capacity of 400,000 tons per year were put into operation in 1399. Also, by the end of 1399, the cumulative progress of Midhco under construction projects for Zarand steelmaking was 94.6% and 54% for Butia steelmaking (steel and direct reduction). A total of about 9.7 million tons of minerals were extracted from the main and auxiliary mines of Midhco in 1399. These minerals have been used by the factories and production complexes of Midhco in the form of iron ore, copper, silica, coal, dolomite and lime, and finally 14.4 million tons of product have been produced in

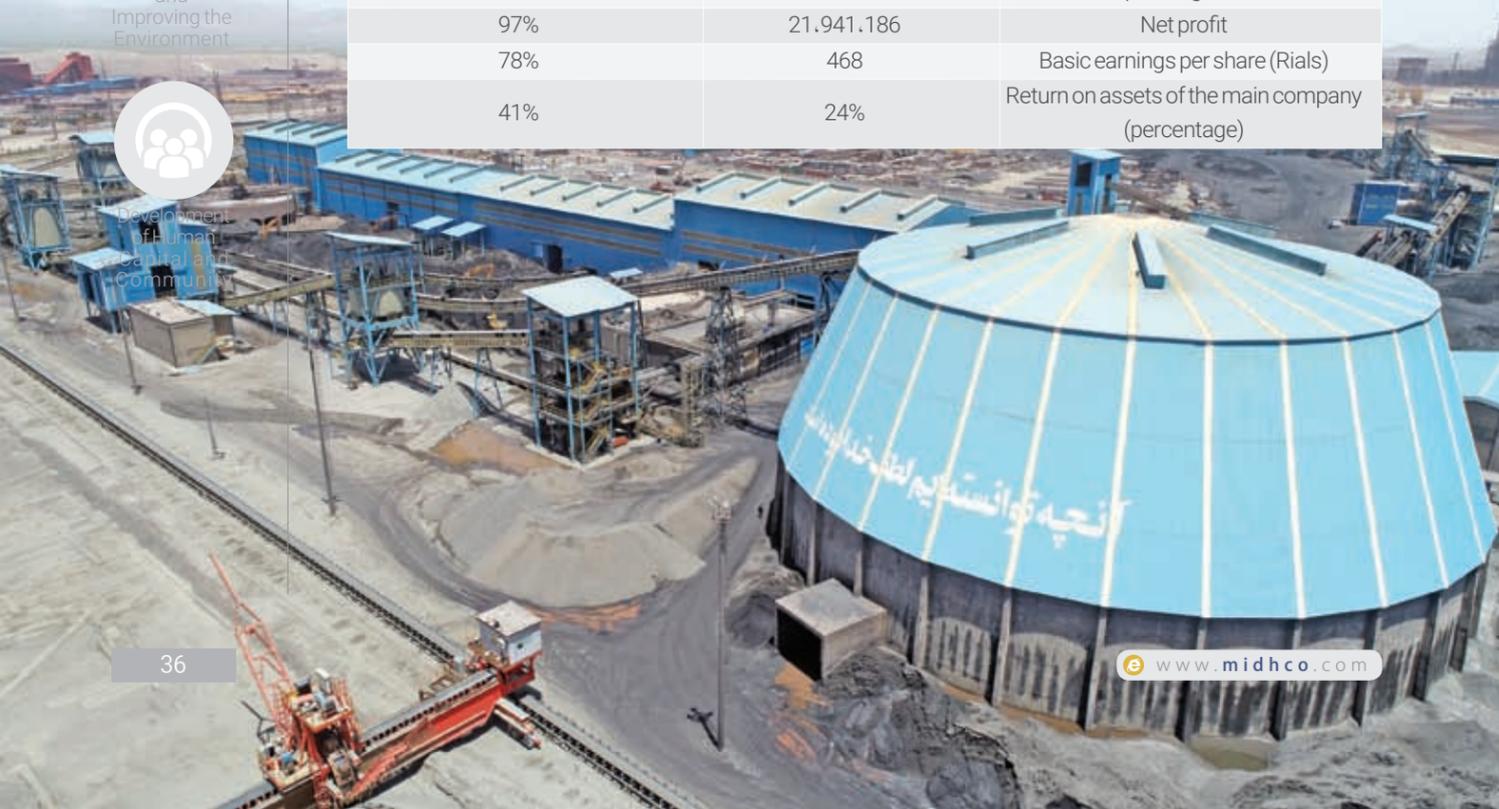
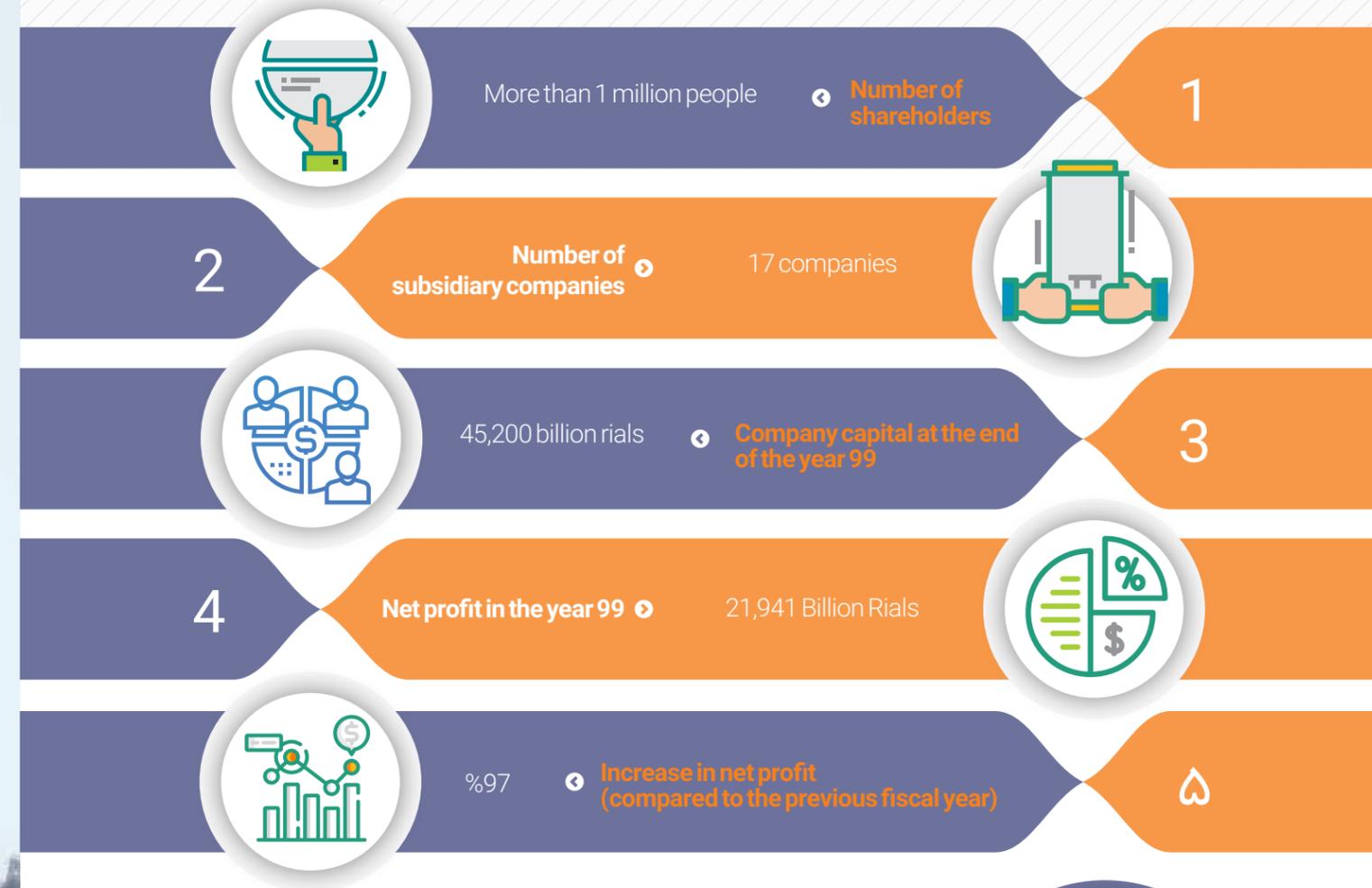
Midhco in the form of iron ore pellet concentrate, sponge iron, cogged ingots, coke, tar, copper cathode and tube, and lime. Midhco products in 1399 have yielded into an operating profit of 42414987 million rials for this company. In the fiscal year 99, Midhco also achieved a net profit of 21941186 million rials, which had a significant increase of 97% compared to the previous fiscal year.

Midhco Holding seeks to achieve a complete steel production chain from exploration to production in 1400 by taking the step of fulfilling its social responsibilities for economic development, contributing to Iran's national development, and investing in mines. This company has a production goal of 25 million tons of mineral products and 100 million tons of mining operations per year, and to achieve this goal Midhco relies on the technical knowledge of human capital, experience and knowledge of managers and interaction with beneficiaries at various levels from government to society.

Midhco financial performance in the year 99

Changes compared to the previous period (percent)	Year 99 (million rial)	
107%	141.495.576	Operating income
112%	42.414.987	Operating Profit
97%	21.941.186	Net profit
78%	468	Basic earnings per share (Rials)
41%	24%	Return on assets of the main company (percentage)

### Midhco financial performance in the year 99



Zarand Steel Complex  
with a capacity of 1.7  
million tons per year

Start of operation of  
Zarand Steel Complex - Esfand 99

Lime and dolomite complex  
with a capacity of 200,000  
tons per year





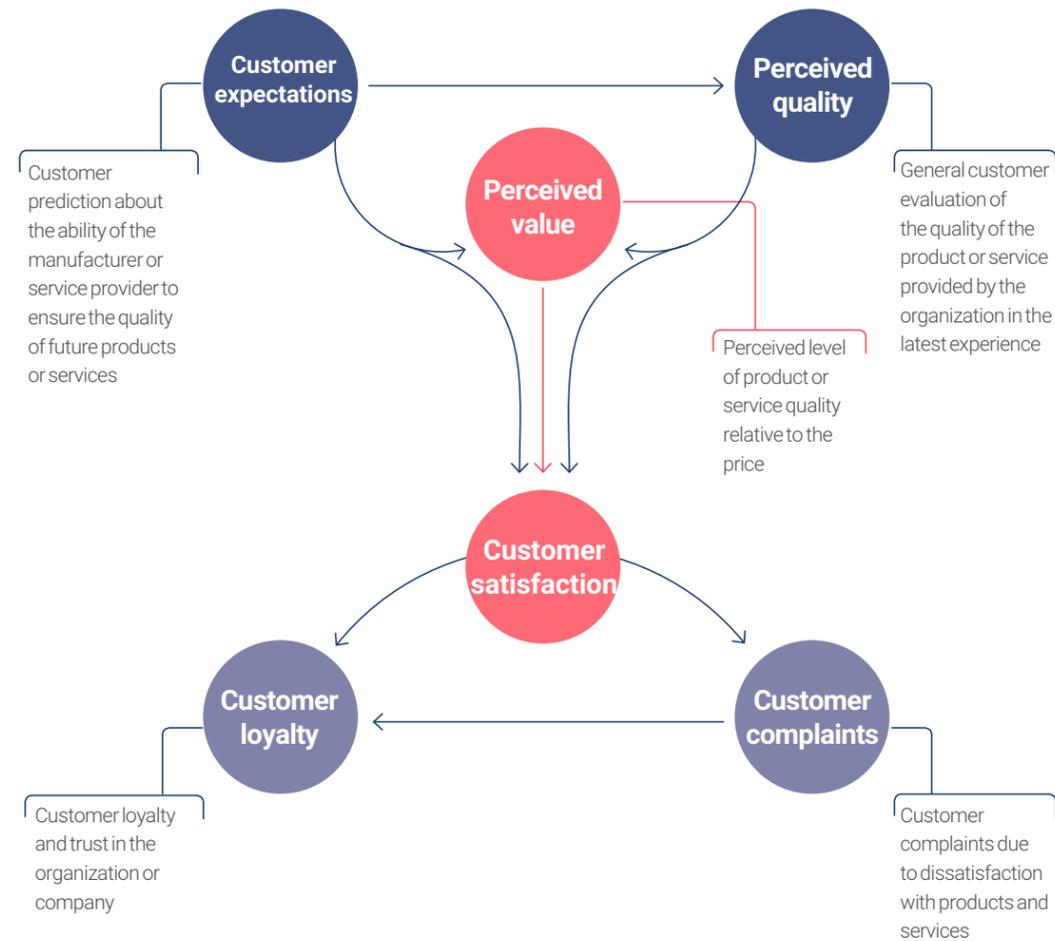
## Measuring customer satisfaction in Midhco

The main customers of Midhco products are government (as upstream customers) and the private sector, according to the development needs of the production of basic metals (steel and copper), magnesium, steel industries in upstream products, roll industries, as well as downstream copper industries. The main customers of Midhco services related to the construction services (Mana Company) are the general, specialized and industrial construction sectors.

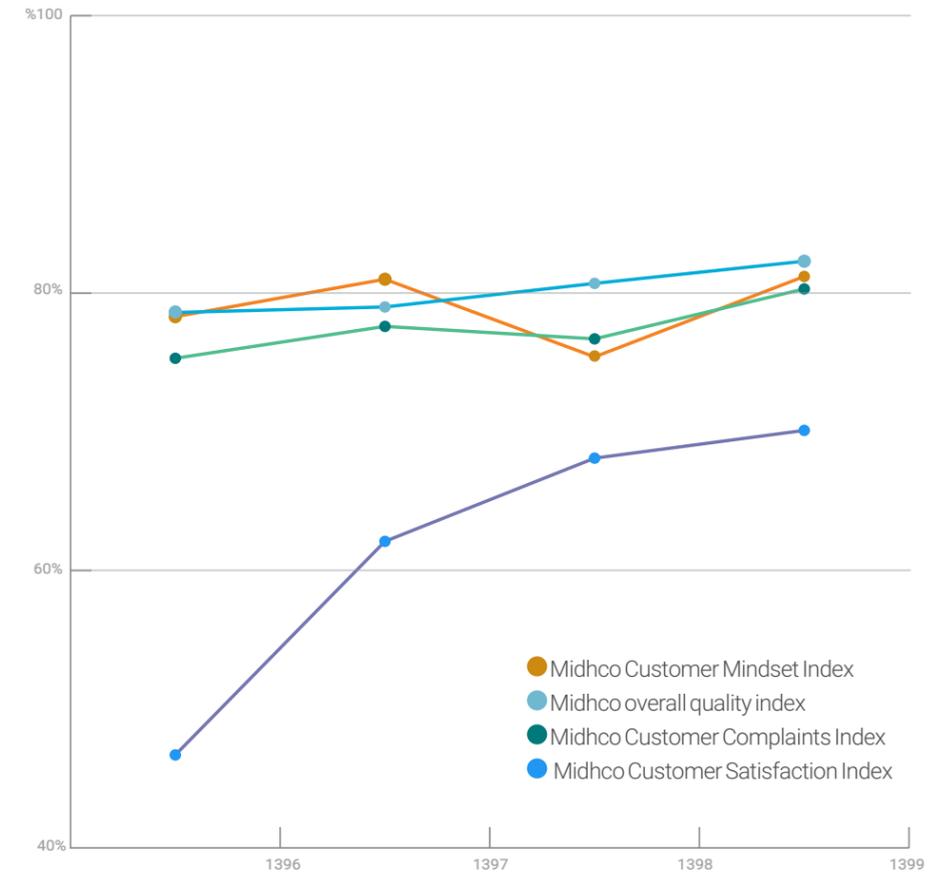
In connection with Meyar Sanat Engineering Company, the investors are mainly considered to be Midhco's customers for the construction of steel, copper and related mining industries, and the transfer of related technologies. Midhco has planned and

implemented several measures to form a sustainable and satisfaction-based interaction with customers by relying on recognizing their needs and focusing on solving the challenges they are facing. One of these measures is the annual measurement of customer satisfaction based on a scientific and valid model and in accordance with the data obtained from a wide range of Midhco customers.

As a purposeful activity, measuring customer satisfaction seeks to examine the points that can be improved in relation to customers and promote the sustainability of customer interaction. This evaluation is performed based on the ACSI (American Customer Satisfaction Index) at the Midhco level. The results of the indicators of this model in 1399 are described below.



Measuring customer satisfaction





## Knowledge management system in Midhco

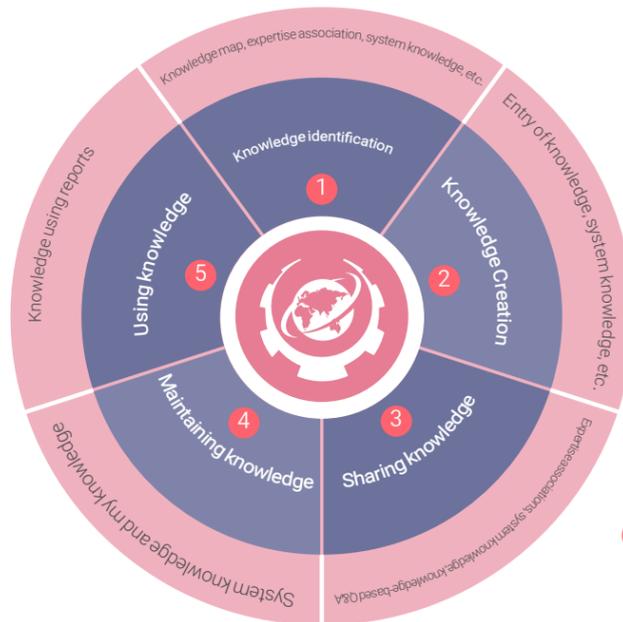
From the beginning of establishment, Midhco has foreseen knowledge-based management in its strategy document by defining the strategy of "knowledge-based, learning, agile and leading organization" in this regard, and to better realize this issue, since 1392, Midhco designed a native model of Midhco knowledge management based on two approaches to human knowledge management and system-oriented knowledge management to achieve its knowledge goals by recognizing the current situation in the field of knowledge management and conducting extensive field studies and obtaining the opinions of experts.

The purpose of establishing a native model of knowledge management in Midhco is to introduce a knowledge approach to all processes of the organization in order to make knowledge-based process interactions from the input of the process to its output. Meanwhile, tangible and intangible resources and assets as system input and approaches, such as knowledge management system, documenting the experiences of experts, expert associations, learned project management, etc. play as a facilitator of knowledge management cycle, from knowledge identification to knowledge application.

Also, persuasive motives and cultural activities such as the gallery of the best, newsletters, special letters, training of communication channels, etc., were considered as the motives of the knowledge management process.

Finally, to complete the evaluation cycle and improve the system, the use of monitoring systems such as committee supervision over system deployments, field evaluation of subsidiary companies, Knowledge Management Association Award, IMIDRO evaluation, the organization's excellence feedback results, self-evaluations, and internal and external audits leads to the recognition of improvable points, develop improvement plans, and modify and update the system in order to assist Midhco in achieving its knowledge management goals. One of the important actions of Midhco in this field is to create skills and capabilities in the internal forces to train and transfer concepts to other partners in subsidiary companies. In a way that, 100% of the training courses, which are more than 1,500 people per hours, have been conducted by internal forces from fiscal year 99 until now.

In order to create a culture and increase the motivation of staff to participate in the company's knowledge processes, Midhco took several measures such as setting up a document center and library (study and knowledge management hall) at all complex levels, holding quarterly meetings and seminars, distributing posters and brochures, knowledge letters, compiling content and publishing book summaries, excerpts from world knowledge news, as well as 52 knowledge development management newsletters.



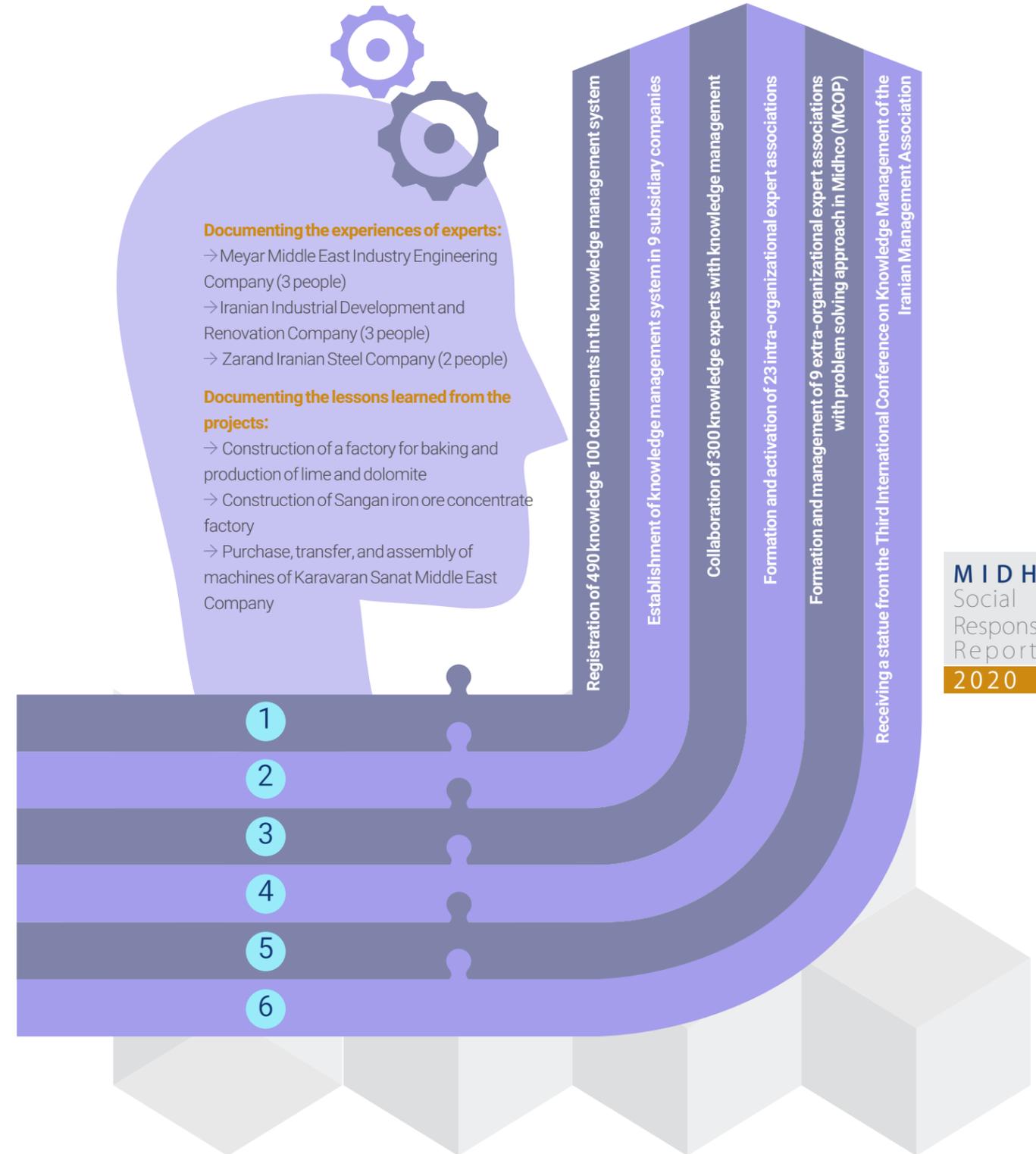
- 1 → Conducting and organizing face-to-face meetings of expertise, organizational and extra-organizational associations

- 4 → Meetings of expertise associations

Knowledge management process and implemented approaches

- 2 → Documenting the experiences of experts  
→ Documentation of experiences gained from the construction of coke factory  
→ Modeling studies, studying reference books
- 3 → Knowledge Management Committee Meetings  
→ Conducting and organizing face-to-face meetings of expertise associations  
→ Holding specialized training courses  
→ Creating communication channels in cyberspace  
→ Formation of quarterly meetings of management development  
→ Publication of the summaries of modeling bools and reports

## Knowledge management achievements in 1399





## Risk management system in Midhco

Considering the unstable and variable economic conditions of the country and predicting the occurrence of various conditions and considering that different variables appear over time, risks must be identified and measures must be taken to eliminate them, in order to deal with their negative effects. In Midhco, the risk management process has been designed and implemented in various fields, in order to prevent the adverse effects of changes in situations environmental conditions. In this regard, a committee called "Risk Committee" has been formed in the Holding Headquarters,

which is directed by the Advisor to the CEO and the Chairman of the Planning Committee. According to benchmarking studies conducted by BHP, Biliton and Rio Tinto companies, and based on the experiences of senior managers, various risks in the holding are divided into four groups of external risks, operational risks, financial risks, and organizational sustainability risks.

In addition, these risks are continuously monitored and reports and suggestions for their better management are provided to the CEO of the holding through the Risk Management Committee.



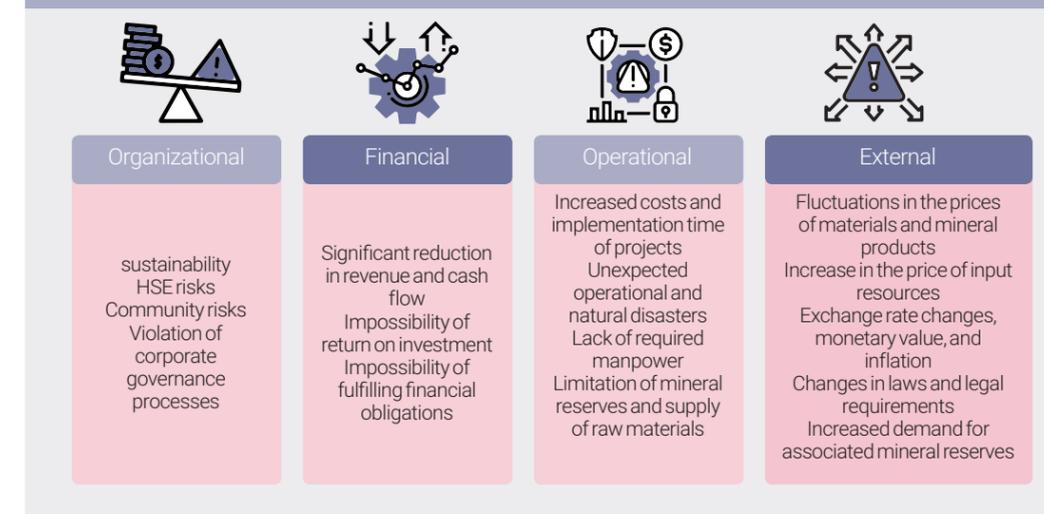
Risk management process is possible through two risk management approaches of ISO 31000 and COSO ERM, both of which must be performed in parallel with each other.

For this purpose, and based on the contract for identifying and evaluating financial risks of Midhco, with cooperation with the consultant, we have identified and evaluated these risks with the approach of financial risks. In this regard, using the COSO ERM model and considering financial ratios as a tool to assess financial risks in this

model, 5 approaches have been used to identify and assess the risk balance sheet structure, profit and loss structure risk, liquidity risk, credit risk and market risk. various scenarios have been designed and solutions to deal with each have been predicted in order to better manage the risk and the preparedness of the holding in the face of the emerging risks, and in case of any of them happens, the holding is faces with them with full preparedness and at the same time protects and secures the interests of the beneficiaries.



### Types of risks in Midhco



The following table lists some of the ways to deal with identified risks at various intervals:

Some solutions to deal with the risks identified in Midhco	Type of risk
<p>Financing from beneficiaries, which is gradually increased and made available according to the needs of the projects, and the finance committee is in charge of supervising and directing it. Negotiations with the contractors of the projects have been provided from the beginning and some resources have been provided in the form of financing, usance and foreign exchange facilities. Plans have been provided from the sources of the processing plan of the Ministry of Industries and Mines according to the approval of the relevant plan. With a time interval, participation bonds were issued. Priority was given to the implementation of a part of the production line that could be put into operation sooner in order to reach production during the implementation of other projects and the complete production line of this part and to create significant financial resources. In this regard, three coal processing, coking and ferrosilicon production projects, which have a good market, were put into operation following four concentrate projects. Then a direct reduction plant and two other iron ore concentrate plants were produced, and a copper pipe plant and three pelletizing and Bardsir steel projects were also produced. Requiring companies to use experienced consultants and create a legal unit</p>	Financial risk
<p>In this regard, we can mention Blast furnace steel production technology that consumes little electricity and generates electricity, constructing projects parallel with the mines to reduce the high cost of transporting millions of tons of raw materials, the use of CDQ technology in steel with water removal to cool coke and its positive environmental effects, production of electrical energy in blast furnaces, and hot charging technology in gas furnaces with 30% reduction in electricity consumption.</p>	Increase in the price of the energy carriers
<p>ith the Mines and Mining Industries Development Organization of Iran (IMIDRO) to provide feed for all ongoing projects. However, supplying iron ore and copper from other domestic and foreign mines is also planned, which puts the company in a better position. Signing contracts for the extraction of Jalalabad iron ore mine, participation in Gol Gohar iron ore mine 2, 4 and 6, Chah Firoozeh copper, lime and dolomite mines, equipping silicon mines, and coal mines have been the strategic measures of the holding to reduce this risk. In addition, investing in one of the largest mining countries in the world is being reviewed. Participation in Gol Gohar iron ore mine 6 and Khomrud (coal) and Tabas mines by winning tenders is one of them. Meanwhile, Midhco exploration projects are in operation.</p>	Risk of supplying raw materials in this regard, a 25-year long-term contract has been signed w
<p>Special attention in companies to the issue of export sales in order to deal with the effect of rising exchange rates</p>	External risk



Midhco Social  
Responsibility  
Report

2020



Social  
Responsibility  
Management



Economic  
value  
Creation



Protection  
and  
Improving the  
Environment



Development  
of Human  
Capital and  
Community

## Midhco honors and awards in 1399

### Implementation of organizational excellence model (EFQM) in Midhco and its subsidiary companies

- Golden Statue of National Award for Organizational Excellence in 1399
- 4 stars Certificate of Excellence by Fooladsirjan Iranian Company
- 4 stars Certificate of Excellence by Pabdna Coal Faravaran Company
- 2 stars Certificate of Excellence by Ferosilis Gharb Pars Company



Being among the top 100 companies in Iran in the IMI100 system with a rank of 43

- Reaching the highest upgrades in export rankings

### Presence of Midhco and its subsidiary companies in the fifth model of social responsibilities of the Iranian Management Association

- Golden statue by Midhco
- Bronze statue by Butia Iranian Steel Company
- Bronze statue by Sirjan Iranian Steel Company
- Bronze statue by Zarand Iranian Steel Company



Golden statue of social responsibility management

1399

Bronze statue of social responsibility management  
Midhco subsidiary companies



Top export company

1399



### Receiving knowledge management awards with the approach of developing management systems (First International Conference on Knowledge Management)

- Golden statue by Butya Iranian Steel Company
- Golden statue by Zarand Iranian Steel Company
- Bronze statue by Frosilis Gharb Pars Company
- Bronze statue by Iranian Industrial Development and

Renovation Construction Company

- Bronze statue by Middle East Mines Development and Renovation Company

● Golden statue by Sirjan Iranian Steel Company

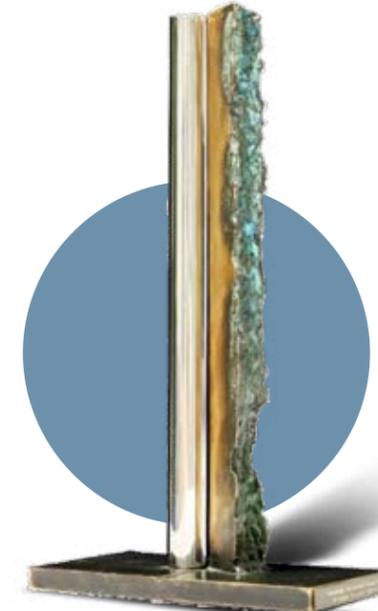
- Bronze statue by Meyar Middle East Industry Engineering Company

● Bronze statue by Pabdana Coal Processing Company

Bronze statue by Babak Copper Iranian Company



Golden statue of mines and mining industry efficiency (IMIDRO)



### Obtaining certifications from IMQ Company in Italy

ISO45001:2018 ●

ISO14001:2015 ●

ISO 9001:2015 ●



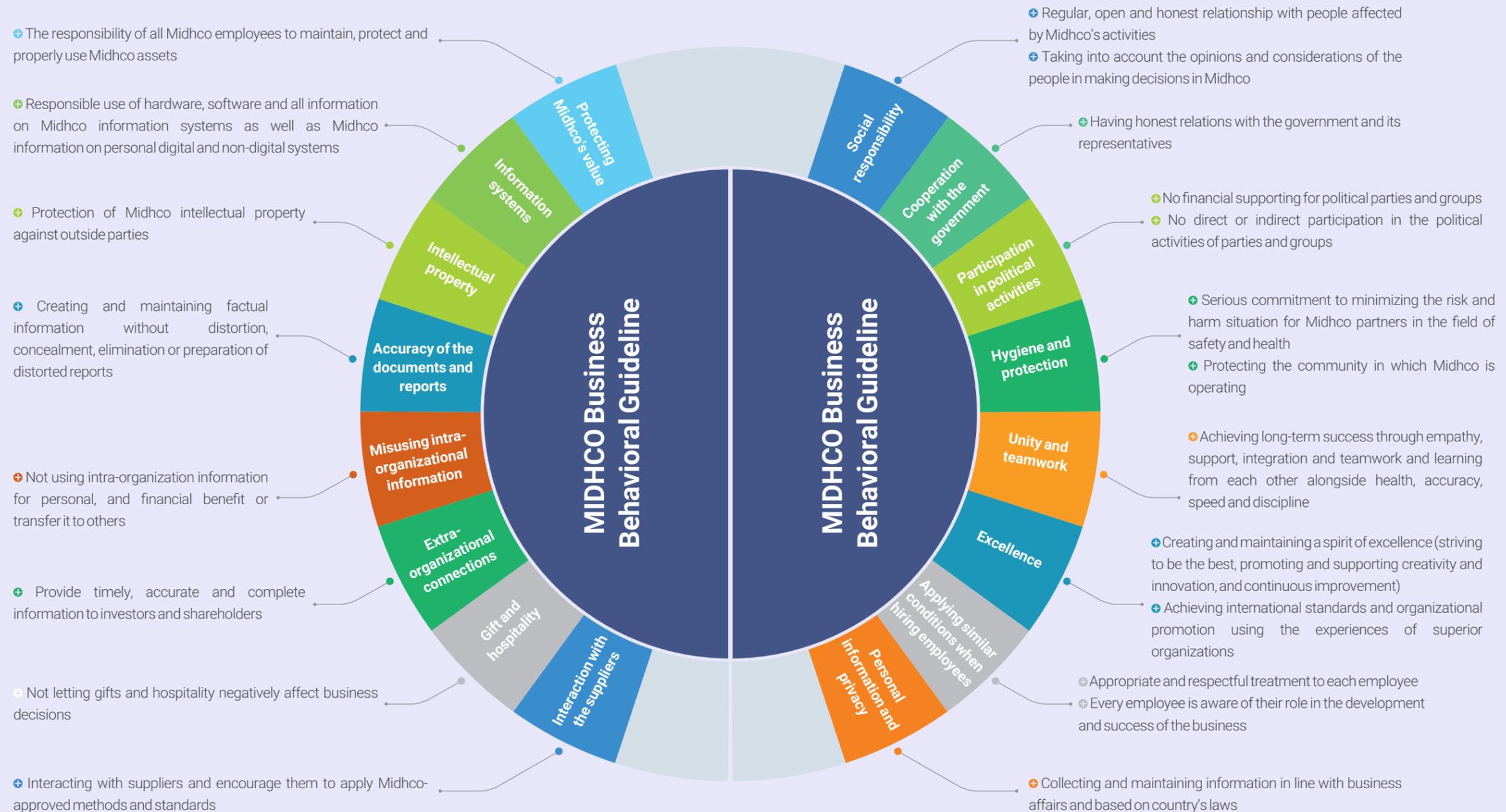
Attending the festival and obtaining a safety indication by the HSE director of Midhco headquarters in the first period of awarding the safety indication of the General Department of Cooperatives, Labor and Social Welfare of Kerman Province



the experience of Midhco's managers and consultants and comparative studies with top global companies such as BHP Australia (the largest mining company in the world). Midhco's behavioral responsibilities are based on the company's social responsibilities in business management and the practice and principles that lead to transparency in the fight against corruption and discrimination. This guideline has been compiled in 16 axes based on Midhco's organizational values.

## Behavioral Responsibilities in Midhco Business

The leaders of Midhco Holding believe that vision and goals can be achieved through the implementation of strategies and programs within the framework of specific values and work culture. In this regard, since the establishment of the holding, Midhco's organizational values have been compiled and published using





Social responsibility in Midhco:  
Clarity in decision making through MIDRP



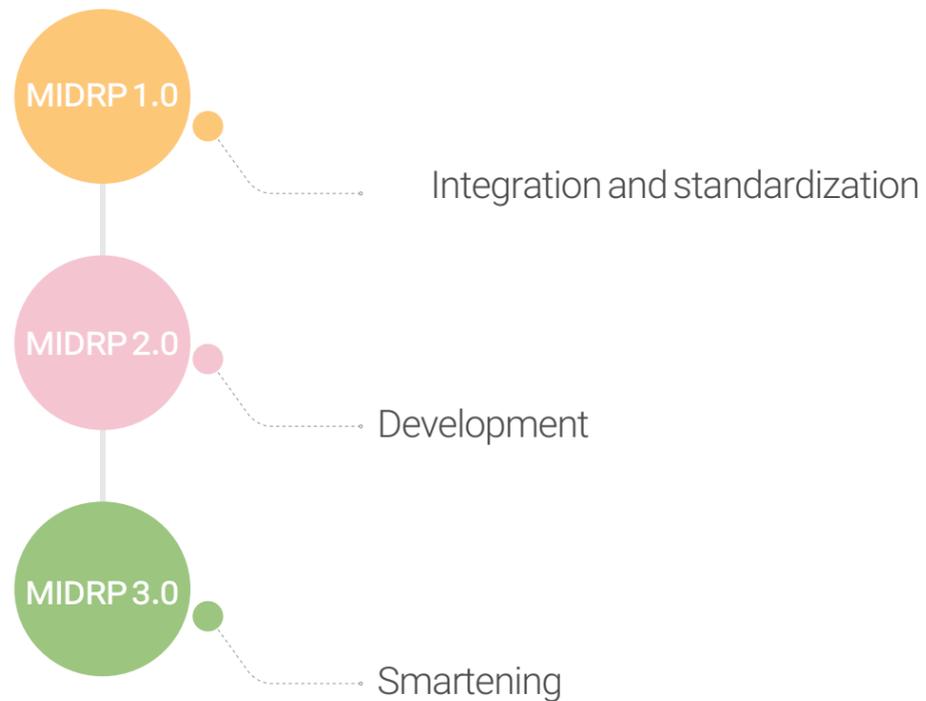
Midhco started to implement Midhco comprehensive integrated information approach (MIDRP) project in order to improve accurate and agile decision-making as well as to prepare for competitive advantage and world-class implementation.

By implementing this project in manufacturing companies, factories, and Midhco headquarter, Midhco information system will be managed in an integrated manner and in the form of a single body in the geographical area of Iran.

The project includes 13 product groups, 36 software products, and 205 processes based on infrastructure based on 9 data centers. In the framework of this project, the process architecture of Midhco is

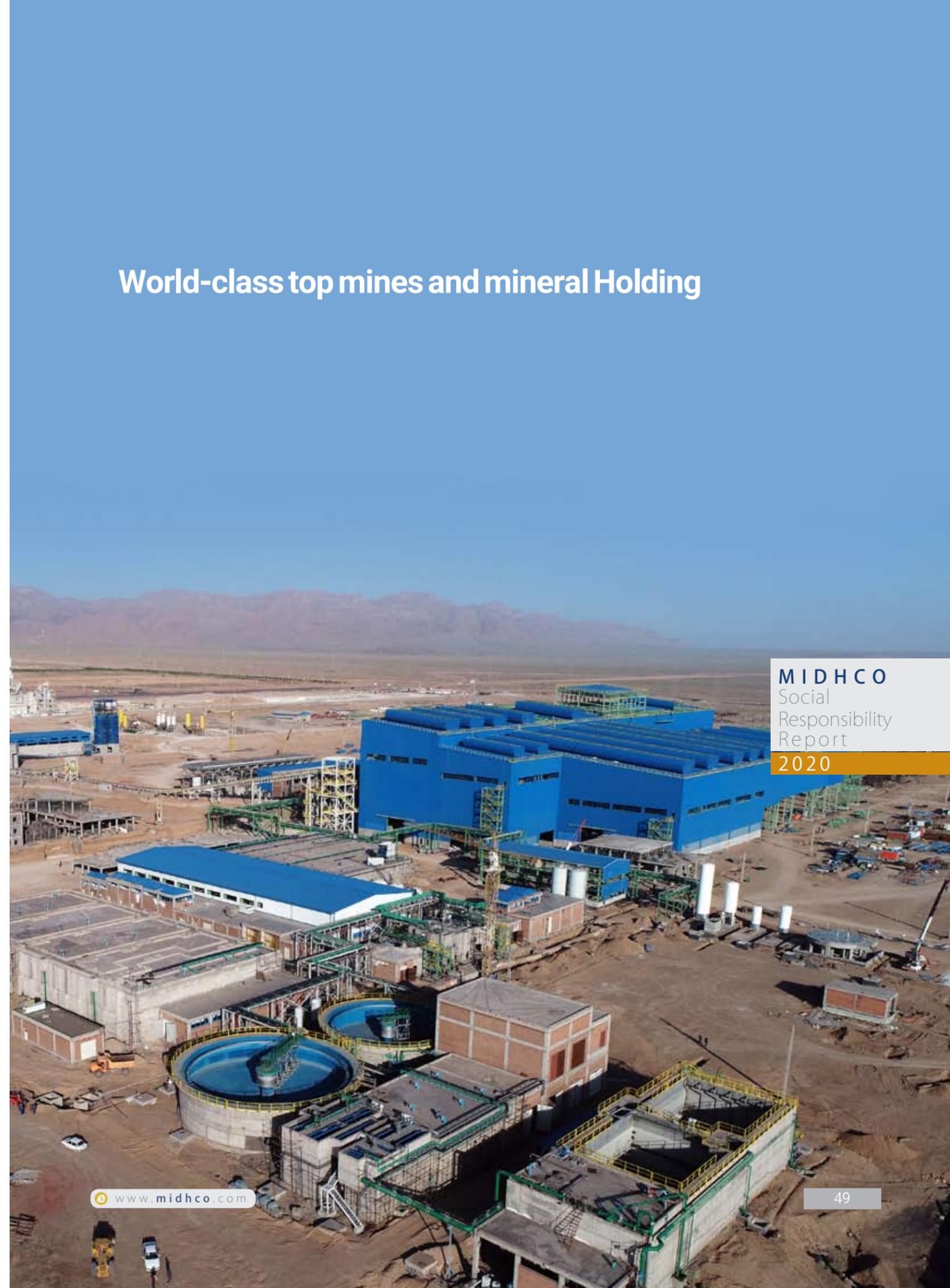
completely designed and modeled with a view to the desired and successful global situation in order to achieve maximum transparency and minimum error in making decisions based on real data obtained from different performance levels.

The MIDRP project is being implemented in three phases of integration, standardization, development and smartening. By the end of 1399, the establishment of the first phase has been completed in Pabdana Coal, Zarand Steel, Sirjan Steel, Butia Steel, and Ferosilis Qarb Pars companies, as well as their subsidiary complexes and factories, and financing and cost calculation are being performed through this system.



It should be noted that the first phase of the project will cover more than 68% of the desired solution capabilities and fully cover all existing status systems and current requirements of Midhco Holding. By the end of 1399, more than 57,000 hours of expert meetings, more than 1,380 official documents and 10,000 official correspondences have been conducted in this project.

## World-class top mines and mineral Holding



Midhco has always paid special attention to the importance of the environment in the management of its activities. Reducing the effects of Midhco industrial activities on the environment is one of the key pillars in issued Midhco social responsibility. The company goes beyond environmental protection and tries to promote the environment in local communities in addition to preventing environmental degradation. This is done by relying on special management standards and guidelines that focus on the maintenance, storage and management of waste, monitoring and measurement of environmental pollutants and industrial wastewater, and treatment plants of industrial complexes. As for Midhco measures for improving the environment we can mention the development of landscapes in areas affected, using environmentally friendly technologies in production processes to reduce energy consumption and greenhouse gas emissions, reducing air pollutants and implementing a wastewater treatment project to preserve groundwater resources.



## Protection and improving the environment

### Protecting the environment

- **Midhco environmental responsibilities**
  - Midhco Safety, Health and Environment Outlook
  - Midhco Safety, Health, and Environment Mission
  - Midhco Safety, Health and Environment Policy
  - Environmental documentation in Midhco
- **Environmentally friendly technologies**
  - Midhco Social Responsibility: Furnace fume collecting system
  - Midhco Social Responsibility: Tank bioleaching technology
- **Protecting water resources**
  - Midhco Social Responsibility: Collection and transfer of wastewater in Zarand
  - Water consumption in Midhco in the year 99
  - Midhco Social Responsibility: Waste dewatering unit
  - Midhco Social Responsibility: Creating geomembrane
  - Midhco Social Responsibility: Transmission and treatment of wastewater in Kerman
- **Energy efficiency**
  - Midhco Social responsibility: CDQ
  - Energy consumption in the year 99
- **Landscape development**
  - Landscape of Midhco mining and production complexes
  - Midhco Social Responsibility: Developing landscape infrastructure

## Preserve & Improve the Environment





## Midhco environmental responsibilities

Midhco has always paid attention to the importance of the environment in the management of its activities and has considered reducing the effects of industrial activities on the environment as one of the key elements in its social responsibilities. In addition to preventing environmental degradation, the approach of reconstruction and compensation for the effects of activities is also of particular importance in Midhco's environmental responsibilities. This approach is based on specific management standards and guidelines that focus on measuring the environmental impact of

industrial designs and projects, maintenance, storage and management of waste, and measurement of environmental pollutants, industrial wastewater and industrial wastewater treatment plants. Within the framework of Midhco Health and Environmental Safety Management, which we try to implement in all pillars of the organization, the issue of environment especially important and in upstream documents such as policy and strategy document, the issues of health and environmental responsibilities are of special importance.

### Midhco Health and Environmental Safety Outlook

Health and environmental safety is a key priority and value in Midhco, in order to achieve sustainable development, protection of human capital and other beneficiaries (contractors, consultants, neighbors, etc.) and to become a leading and knowledge base model in mines and mineral industries of the country and the Middle East and on par with the world class.

### Midhco Health and Environmental Safety Mission

Middle East Mines and Mining Industries Development Holding Company is committed to provide a safe and healthy work environment for all its employees and other beneficiaries and have a positive interaction with the environment in its activity chain, by managing the issues related to safety, occupational health and environment as an integral part of its activity chain.

»»	<p><b>Conformity</b></p> <p>Midhco will comply with all applicable laws, regulations and standards, and will establish and implement the necessary procedures and programs to ensure this compliance. Compliance with environmental standards is a key approach in training, goal planning and evaluating employee performance and motivation programs.</p>
»»	<p><b>Prevention</b></p> <p>Midhco designs and develops safety, health and environmental management systems to prevent actions or conditions that pose a threat to human and environment health and safety, in order to minimize risks and protect staff and other beneficiaries, and preventing the waste of resources, air, land and water pollution by using appropriate technologies and operational methods is a constant effort in Midhco.</p>
»»	<p><b>Commitment to participation</b></p> <p>Midhco declares its commitment to safety, health, and the environment to all employees, suppliers, customers, and other beneficiaries, and seeks their participation in related meetings and the planning of goals and programs. Commitment to environmental principles plays a key role in selecting employees and contractors.</p>
»»	<p><b>Constant improvement</b></p> <p>Midhco continuously pursues the identification of opportunities for continuous optimization of the efficiency and effectiveness of the HSE management system, the optimization of resource consumption and the adherence to the principles of this declaration.</p>

### Midhco Health and Environmental Safety Policy

Midhco Holding considers excellence in environmental protection, safety, and health of employees as an inseparable part of its accepted organizational culture, and considers the protection of the environment to be the main approach to improve the safety and health of employees.

In this regard, with the firm belief that if the work is properly planned and implemented, all accidents can be prevented, as the top industrial and mining holding in the country and the Middle East with a performance in accordance with international standards, we aim to set the following goals for HSE management activities:

- refusing to accept practices with non-zero injury
- fully complying with all national and international health, safety and environmental (HSE) laws, regulations, and requirements and even more
- Creating a healthy work environment
- full acquaintance of each employee with the work and description of their duties in the fields of health, safety and environment, and having the appropriate preparation for work
- continuous improvement of safety, health and environmental performance
- creating a balance between staff and work
- environmental protection and optimal use of resources and energy and trying to continuously reduce environmental pollution caused by activity, and move towards the prevention of any pollution
- developing an HSE culture and achieving an active approach to HSE
- preventing injuries and diseases, reducing accidents, managing and controlling risk and harmful factors in the work environment
- involving all beneficiaries, including employees, customers, contractors and etc., in order to continuously improve the health, safety and environmental management system
- creating an addiction-free work environment

### Midhco environmental documents

1	Health, Safety and Environment Basic Process Structure Guide (HSE)	Guide to monitoring and measuring air pollutants	6
2	Operational instructions for keeping and storage of special wastes	Risk Management Guide in HSE Management System	7
3	Waste Management Guide	Management instructions for identifying HSE rules and regulations	8
4	Monitoring and measuring environmental pollutants guideline	Operational guide to HSE monitoring and inspections at operational sites	9
5	Industrial Wastewater Monitoring Guide	Operational instructions for recording and reporting events	10

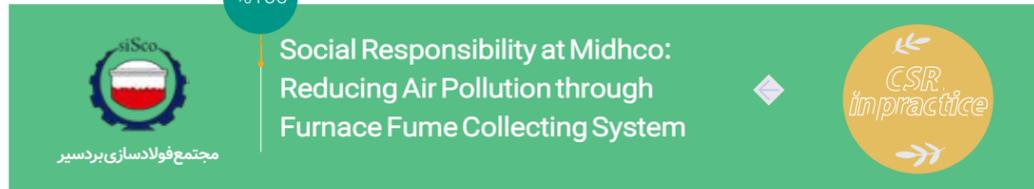


## Environmentally friendly technologies

One of the most important strategic issues in Midhco is to consider global indicators and standards of compatibility with environmental standards and climatic conditions such as water shortage in Kerman in selecting the technologies used in the production chain. Systematically, the Planning Committee in the Holding has been formed with the membership of senior managers to policy and determine environmental strategies to monitor and decide on environmental issues from initial design and compliance with environmental standards to the implementation of plans and projects. In addition, environmental impact assessment on air, soil, sound and energy consumption for all contracts by

builders and designers ensures no negative impacts. The adoption of the Environmental Impact Assessment (EIA) approach in Midhco has resulted in selected technologies having the highest level of global standards in terms of emissions of contaminating gasses, water consumption, waste emissions, energy consumption, and transportation costs. On the other hand, the use of these technologies reduces construction and operation costs, increases quality, and makes product prices more competitive, which play an important role in improving Midhco's flexibility to meet market and customer needs, and also by improving production cycle time, shortens production process and improves Midhco process and organizational agility.

Project progress: %100



In Bardsir Steel Complex, an electric arc furnace is used to produce steel, which is accompanied by the production of large volumes of fume in the air. In this complex, in order to prevent the release of fume and reduce air pollution, a fume collection system has been used. FTP fume collection system is one of the most advanced fume collection systems in the steel industry, which is used in various parts of the plant, especially electric arc and ladle furnaces and material transmission lines, in order to remove impurities in the production process and prevent their release into the air. In this system, the fume coming out of the furnace, the fume coming out of the furnace cools down while passing through the ducts cooling with water and also

mixing with the air, to reduce its temperature. After passing through the moving ducts, the fume is directed to a fixed duct, and during this stage, its temperature decreases even more, and finally it enters the bag house at a temperature of 130 degrees Celsius. The bag houses are cleaned by reverse air bellowing and the waste is collected in special tanks. The gases coming out of the fume collection system are free of pollutants that are harmful to the environment. The collected dust contains 35-50% of iron oxide, 10-15% of CaO, 13-8% of SiO<sub>2</sub> and the rest is a combination of PbO, ZnO, MgO and other compounds. These dusts are used for recycling due to the presence of precious metals.



Project progress: %100



Bioleaching is a branch of biotechnology that has received a great deal of attention today because of its benefits. In this method, the copper element is separated from the copper mineral due to the activities of a specific type of bacteria that is cultivated under control conditions, and after purification with organic solvent and electrolysis, cathode copper is generated as the final product with a purity of more than 99.997%. In the past and before the invention of this method, mass production of copper was based only on heat treatment and melting of copper concentrate, which in addition to high investment costs and very

high energy consumption, had many environmental risks. In such circumstances, with the development of bioleaching technology, it is possible to produce copper at a lower cost and environmentally friendly. A special type of this method, in which copper is extracted using tanks equipped with agitators and in the presence of a special type of bacteria, is called "bioleaching tank", which is used for the first time in the world by Iranian Babak Copper Company, a subsidiary of Middle East Mines and Mineral Industries Development Holding (Midhco) and its patent is in the name of this company.



The most important environmental benefits of this method are as follows:

- » Low investment cost and the most economical way to extract copper
- » Possibility of using contaminated concentrates (concentrates containing excessive amounts of arsenic, antimony, bismuth and lead)
- » Higher efficiency
- » Very low energy and water consumption compared to heat treatment methods
- » No sulfur dioxide emissions and no need to build an acid plant to control pollution
- » Ability to recover gold and silver from process waste
- » The exchange potential of cathode copper production complex of Iranian Babak Copper is estimated at more than 400 million € per year, and with its opening, sustainable employment has been provided for 400 people directly and 8000 people indirectly.

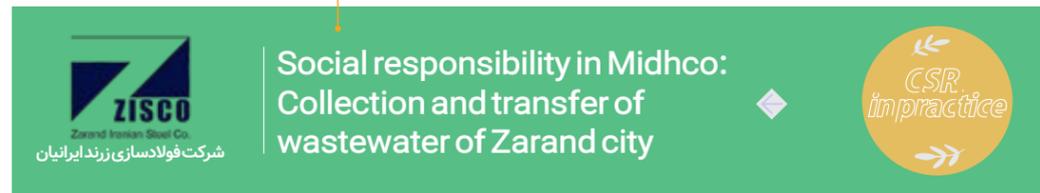


## Protection of water resources

In Midhco Holding, protection of water resources is one of the main development policies due to the arid climate in Kerman and sustainable provision of consumption resources. Accordingly, in order to achieve global standards in the field of protection of water resources, each of the holding units must Develop and implement the waste management process with the aim of reducing or eliminating at source (Source reduction) or controlling the

negative environmental effects and aspects of waste, including recycling and reuse, treatment, and disposal. By the end of 1399, 9 sanitary treatment plants have been established in Midhco complexes to prevent groundwater pollution. Also, in the buildings and areas of the complexes, surface water collection lines and rainwater storage tanks have been installed to use these resources to maintain the green space of the complexes.

Project progress: %37



Zarand city wastewater collection and treatment project has started from Aban, 1398 with the participation and investment of Zarand Iranian Steel Company and the contracting of Mana Construction Company. The total area specified in this project for the wastewater collection network and transmission line for implementation is 340 km, in which 22,000 branches and 5340 manholes are predicted.

By the end of 1399, 121 km of the collection and wastewater network of this project and 1512 manholes have been implemented. The percentage of total progress of this project, without counting the the treatment plant, was 31.1%, by the end of 1399.

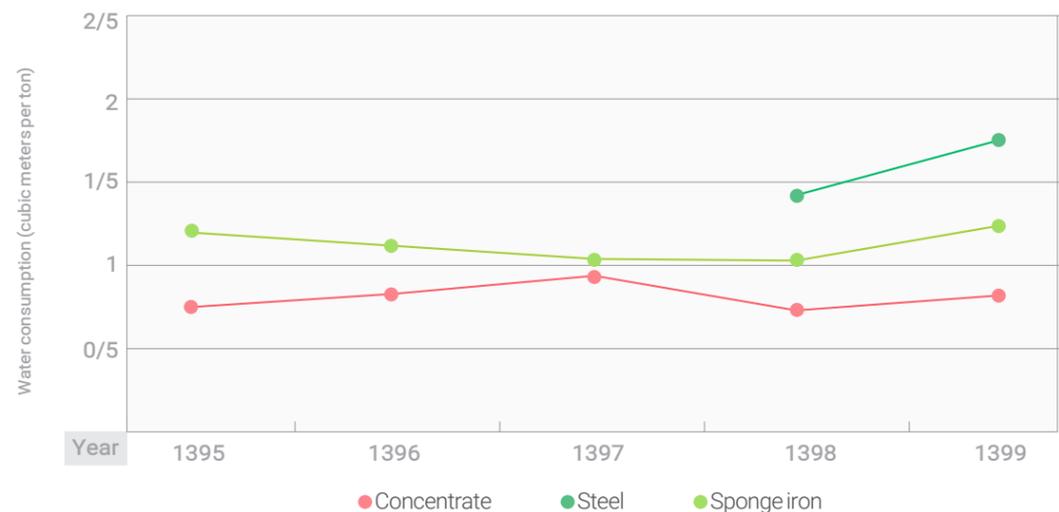
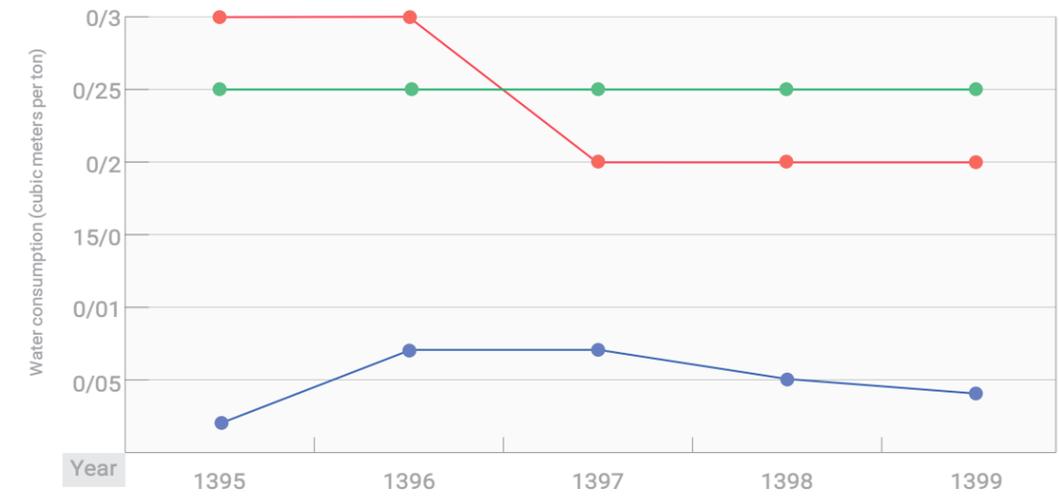
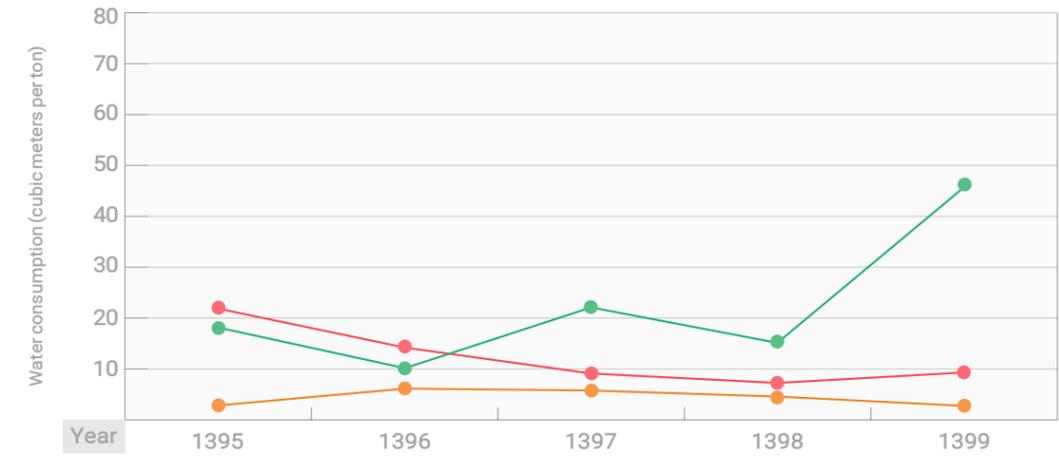
The most important advantages of this project are:

1. Solving the problems of soakaways for urban households such as:

- » Prevent water from penetrating the foundation of the building, which prevents land and building from subsiding.
- » Prevent people from falling into the well
- » Prevent the soakaway from exploding due to the accumulation of hazardous gases
- Prevent the accumulation of insects and vermin
- 2. Preventing the infiltration of contaminated water into groundwater sources
- 3. Prevent the transmission of this contamination to plant, aquatic and animal resources
- 4. Save on water resources and chemical fertilizers
- 5. Use of wastewater to supply industrial water and not to use groundwater resources
- 6. Youth employment in the implementation and maintenance of the sewerage network and treatment plant



## Consumption of water resources in Midhco in 99





شرکت فولاد سیرجان ایرانیان

## Social responsibility in Midhco: Dewatering unit



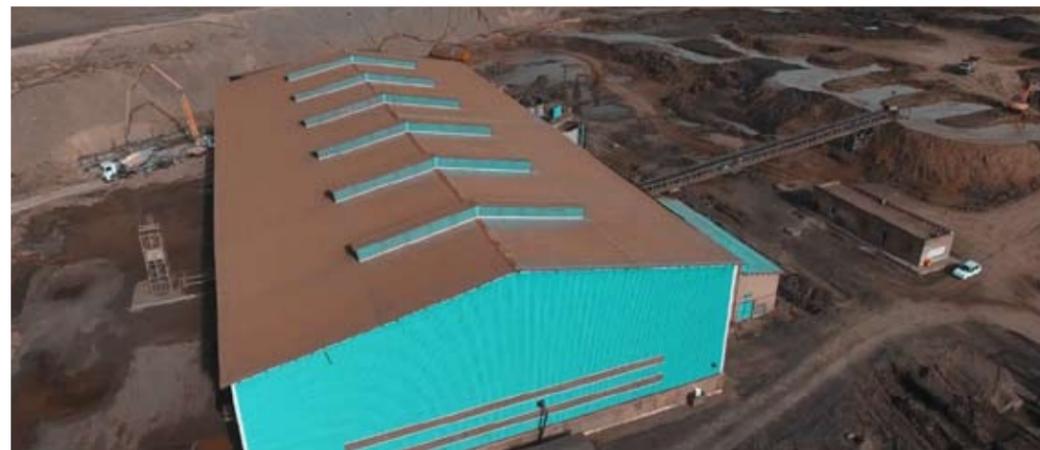
Since 1398, Sirjan Steel Company has been constructing a dewatering unit, in order to save water and restore a significant part of the water used in the concentrate production process.

According to the design, 700 liters of water are extracted from each ton of waste and about 70% of the water entering the concentrate plant is recycled. On average, 160 cubic meters of water is extracted

and returned in each hour of the dewatering. With the construction of this factory, water consumption per ton of concentrate has been reduced from 1.2 cubic meters to 0.6 cubic meters, which will save one 150 billion rials and 1.5 million cubic meters of water per year. The construction project of dewatering unit in Sirjan Iranian Steel Company has progressed 40% by the end of 1390.



Also, Sirjan Iranian Steel Company intends to construct a second dewatering unit in order to save water consumption and restore a significant part of water consumption in the concentrate production process. Conceptual engineering of initial design and preparation of tender documents for selecting a contractor for the construction of this unit has been done.



شرکت فولاد سیرجان ایرانیان

## Social responsibility in Midhco: Geomembrane cover at the water accumulation place



Sirjan Iranian Steel Company has implemented the internal covering of the accumulation point 1 of Sirjan complex with a capacity of one million cubic meters in 1399, in order to comply with environmental responsibilities. This measure was to prevent the infiltration of wastewater to outside the storage

area of the intermediate product and to prevent environmental damage in this accumulation place, as well as to observe and increase its level of safety. For this purpose, leveling and stamping operations have been performed on the floor and walls of the tank, in order to prepare the bed of geomembrane

layers. Then, the inner surface of the accumulation place is covered with dense and thick coatings of geomembranes (with a thickness of 1 and a 1.5 millimeters), geotextile (with a density of 400), and geogrid, to the final area of 150 thousand square meters.

In this project, the geotextile coating has been applied to prevent the destruction of the main layer and increase the safety level of the accumulation site and the implementation of the third layer (geogrid) was to prevent the contraction and expansion of the geomembrane layer.



شرکت فولاد بوتیای، ایرانیان

## Social responsibility in Midhco: Kerman wastewater treatment and transfer project



One of Midhco's main development policies is the sustainable supply of natural resources, including water, in the production of products. There is a need for water in the steel production chain, and due to the limited water resources in Kerman province and the need to protect valuable underground water reserves, Midhco has invested in the construction of Kerman urban sewage network to supply water to production complexes. With the implementation of the collection network, transmission line, and wastewater treatment plants of Kerman city, the water required for Butia Steel Complex and Zarand Iranian Steel Complex will be supplied from Kerman wastewater. In this project, one of the most advanced and equipped water treatment plants will be

constructed by reverse osmosis method and wastewater control for agricultural and industrial uses. This project is one of the most important projects in terms of volume and Rials in the province and the country. With its operation in Kerman, 1450 kilometers of collection network, 12 kilometers of wastewater transmission line, 3 modules of wastewater treatment plant with a total capacity of 19 thousand cubic meters per day, 135 thousand sewer branches are executed within five years. In exchange for the 1396 billion toman investment of Butia Iranian Steel Company in the implementation of this project, 750 million cubic meters of treated wastewater will be provided to Midhco Holding over a 28-year period.





## Energy Efficiency

There are many solutions to reduce energy consumption and consequently the cost of production in the industry. The construction of production plants in the right place, the use of the latest technologies to produce quality and competitive products with less energy consumption, as well as the management of energy consumption in these units are among the factors that can reduce energy consumption. In Midhco, in the design of projects and plans, the highest international standards in energy consumption are observed in order to preserve the environment by using

new technologies. In addition, during the construction period, all environmental requirements are accompanied by technical and quality supervision to minimize energy consumption. Each plan, after approval, must be evaluated for environmental impacts, and figures related to energy consumption and types of pollutants must be included in the contracts as a guarantee figure. These measures are of special importance in order to control energy consumption in Midhco production units and plan energy consumption management in the Midhco production chain.

Project progress: **%96/6**

**Social responsibility in Midhco:  
Cooling coke using Coal dry  
quenching system (CDQ)**

ZISCO  
Zarand Iranian Steel Co.  
شرکت فولادسازی زرنند ایرانیان

CSR  
inpractice



Midhco has a production capacity of 1.2 million tons per year of metallurgical coke. In the coking process, coal is heated to a temperature of 1300 degrees Celsius, and after the volatiles are removed, a residual solid called coke is produced. During the extraction of coke, water is commonly used to lower the temperature in the country and even in the world, which wastes large amounts of water and causes heat and environmental pollution.

In the CDQ system, instead of using water, the molten coke is cooled by a neutral nitrogen gas in a confined and controlled space. During the contact of nitrogen gas with coke, the heat of coke is transferred to this gas, which will then generate

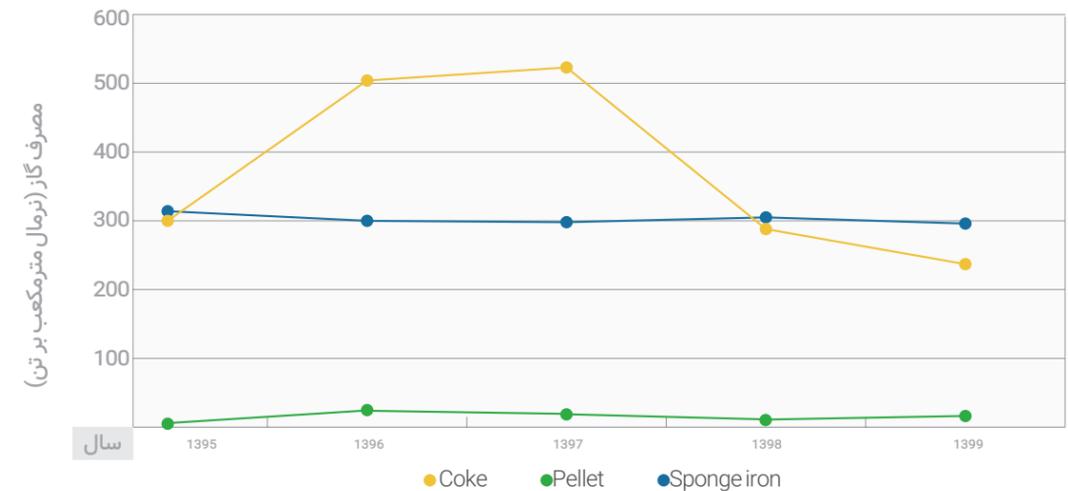
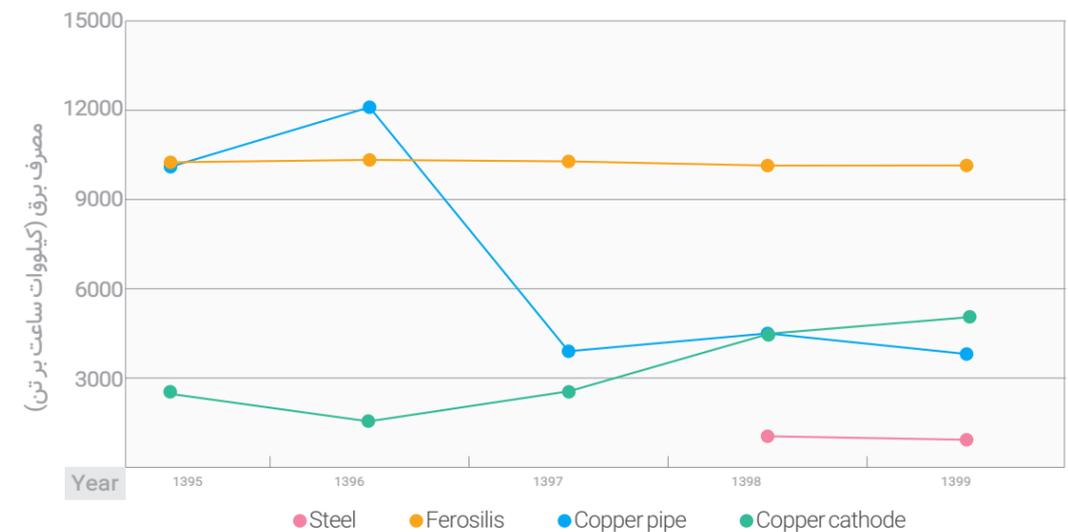
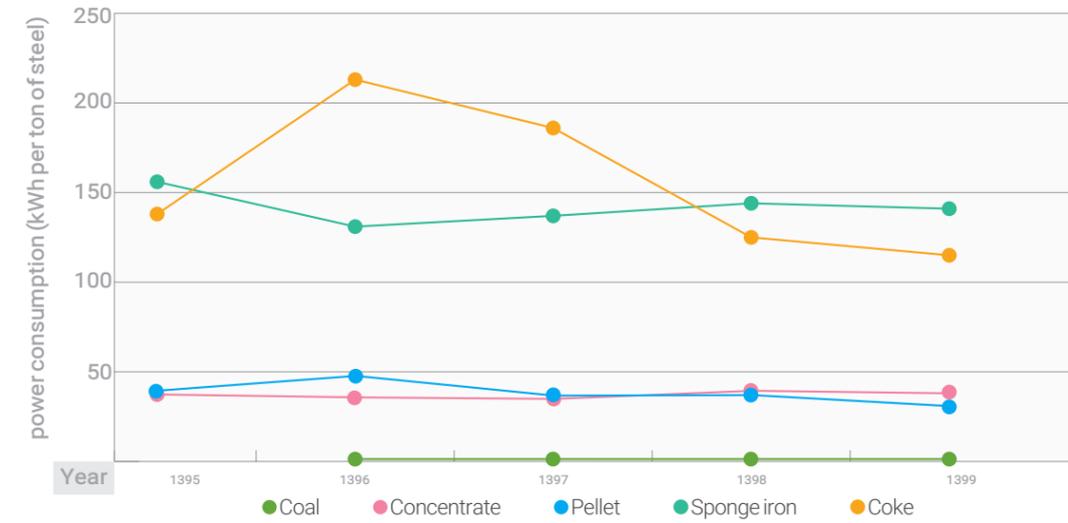
electricity by recovering this heat.

In Zarand Iranian Steel Company, metallurgical coke is cooled by this system and 1.4 million cubic meters of water will be saved annually. There is also a 14-megawatt power plant that will use only recycled heat to generate electricity. This complex has been constructed in Zarand city and in the vicinity of Zarand coke factories and its construction stages have been started since 1394 with an investment of more than 40 million Euros since. This project has been utilized for the first time in Iran at the end of the year 98. With the operation of the CDQ system, sustainable employment has been provided for 50 people directly and more than 1000 people indirectly, while protecting and helping the arid climate of the region.

**The most important environmental benefits of this project are:**

- » Recovery of thermal energy in hot coke and production of electrical energy
- » Generation of 14 MW per hour of electricity, while the total consumption of the coking complex is in 6 to 7 MW per hour maximum. As a result, in addition to providing the electricity needed by the complex, it is possible to export about half of the generated electricity to outside the complex.
- » Reducing greenhouse gas emissions from the coke production process
- » Reducing emissions of various air pollutants
- » Reducing water consumption
- » Improving product quality (reducing humidity, etc.)

### Midhco energy consumption in 99





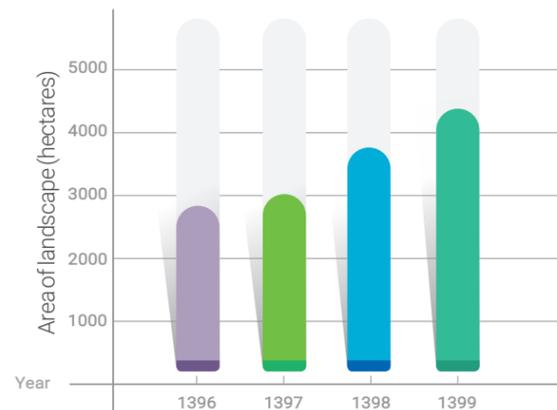
## Landscape development

Since its establishment, the development of landscape has been one of the main environmental goals in Midhco in accordance with its legal obligations and social responsibilities. On this basis, by the end of 1399, 4300 hectares of landscape, including 900 thousand trees, have been created in Midhco Holding Complex. Of this total, 1135 hectares of landscape were in accordance with Midhco's legal obligations and 3165 hectares were due to social responsibility programs.

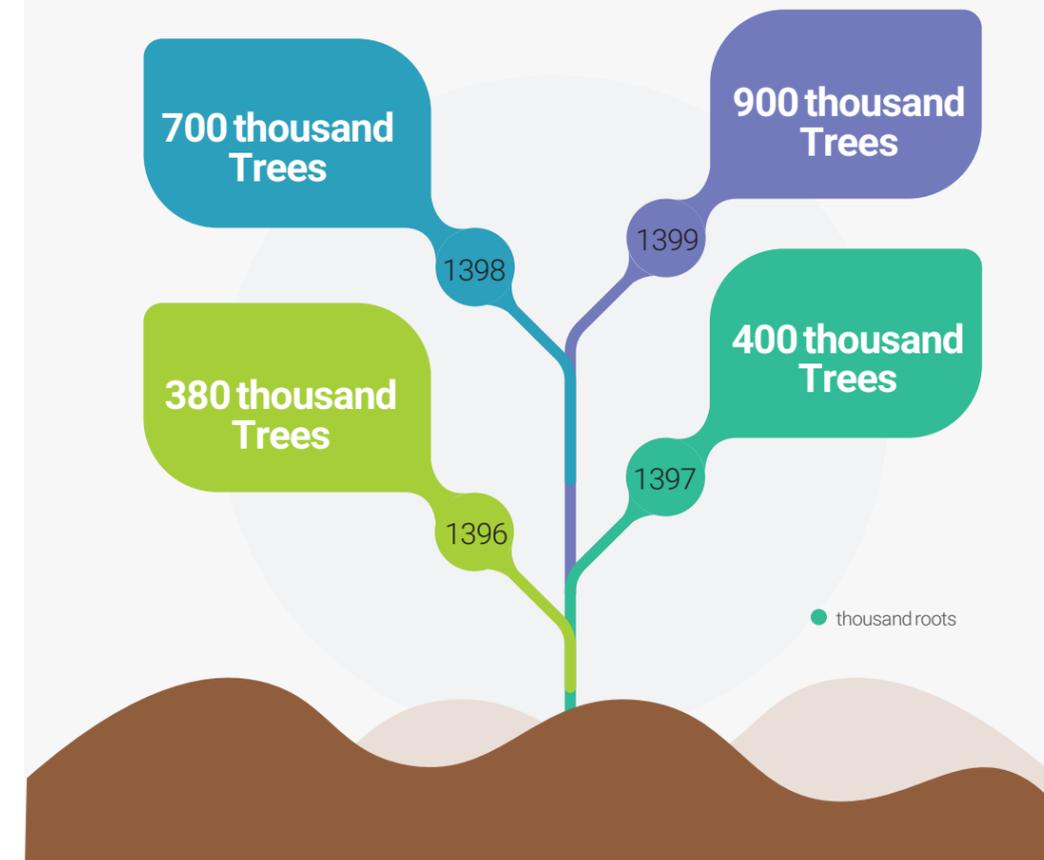
In addition to creating landscape, the development of drip irrigation network to manage water consumption in maintaining landscape has also been on the agenda of Midhco. In 1399, with a 52% increase in drip irrigation network compared to the year 1398, the development of this network reached 518 km.

### Landscape of mineral and production complexes of Midhco until the end of 1399

Number of trees	Landscape based on social responsibility (hectares)	Landscape based on legal obligations (hectares)	Complex title	Raw
17500	400	26.6	Jalalabad Zarand Concentrate and Pellet Complex	1
153500	0	210	Zarand Coke Refinery Complexes (1 and 2) and Zarand Iranian Steel	2
225000	1406	120	Butia Steel Complex	3
7500	0	6.2	Sirjan Iron Ore Concentrate and Pellet Complex	4
24000	0	26	Bardsir Rehabilitation and Steel Complex	5
43000	278	22	Shahrbabak copper cathode and pipe production complex	6
4800	0	6.3	Pabdana Coal Processing Plant	7
4000	0	4	Ferosilis Qarb Pars Factory	8
1600	0	2	Chah Musa Copper Complex	9
2000	0	2	Tabas Coal Processing Plant	10
100	0	0.1	Lime and dolomite factory	11
403000	1100	710	Chah Firouzeh copper mine	12
886000	3184	1135.2	Total	



Development of planting trees in the landscape of Midhco



Landscape of Midhco mining and production complexes until the end of 1399



In recent years, Butia Steel Complex has had a comprehensive plan for the development of landscape inside and around the production complex.

In this project, with the help of research institutes and universities and with the support of the General Department of Natural Resources and Watershed Management of Kerman province, plant species compatible with the region's climate such as bitter almond, eucalyptus, pine, wild almond, and European ash have been planted in the lands captivated by

#### Wood farms

This farm with an area of 100 hectares and with the planning of planting 50,000 eucalyptus trees was established in Esfand, 1399. The economic objectives of this project include participation in meeting the internal needs of wood due to the limited use of forest resources and the growing need for these resources, providing qualified wood required by Kerman province and proper efficiency of water resources.

the complex. In 1399, this complex succeeded in developing landscape to 1526 hectares, including 5,000 trees.

This amount of green space was put into operation in Ordibehesht 1399 in the presence of senior provincial managers and Mr. Pourmand, CEO of Midhco. Other components of Butia's landscape maintenance and development system include a wood farm, a greenhouse for medicinal and ornamental plants, a drip irrigation network, and comprehensive SAMPAD systems.

Also, with the development of this farm through the development of forest cultivation around Kerman desert and promoting the use of water and soil resources for sustainable development, ecotourism and consequently direct and indirect employment will be created in Kerman province. According to primary studies, the saplings will grow enough in 3 years, and in the fourth year, the needed wood can be harvested.

#### Greenhouses and medicinal and ornamental plants

Butia Complex has a greenhouse with an area of 650 square meters and a botanical garden with an area of 1 hectare for planting ornamental and medicinal plants. 13 types of plants have been planted in this greenhouse and garden with an area of 30,000 square meters, which includes species of eucalyptus, rose, Lonicera caprifolium, Spartium, Bougainvillea, barberry, Lemon Beebrush, Tamarisk and oleander.



گلخانه تزئینی بوتیا

#### Comprehensive SAMPAD system

SAMPAD system is a system for intelligent landscape management in Butia. The system is defined in three phases, including management and monitoring of tree information, irrigation optimization, and smartening crop operation.

In 1399, the first phase has been fully implemented, the second phase is in the design phase, and the third phase is in the concept design phase. With the design and deployment of the SAMPAD system, using the technologies such as barcode and RFID and data analysis algorithms, it has been possible for all trees to be mechanically identified and the required information to be analyzed in software. In this way, the maintenance of green space is done with access to up-to-date statistics and with the utmost accuracy.

#### Drip irrigation network

In Butia landscape complex, about 1000 hectares are irrigated by tanker and rainfed (seasonal rainfall) and about 560 hectares are irrigated by drip irrigation method. Of this area, 90 hectares are located inside the complex and 470 hectares are located around the complex. The drip irrigation network is connected to 4 tanks with a capacity of 600 cubic meters and the required water is supplied from Kerman wastewater treatment.



Exploitation ceremony of more than 1500 hectares of green space of Butya Iranian Steel Complex, Ordibehesht, 1399

By defining the strategy of human capital and its continuous review, Midhco seeks to develop human capital with the aim of better manpower and globalization in business development. By focusing on training human resources, Midhco has tried to achieve its long-term strategic goals by increasing the welfare level, paying attention to the families of employees, and improving the level of safety and health in its subsidiary companies. Also in Midhco, establishing a transparent relationship with local communities is very important for comprehensive development. Midhco intends to be respected in different environments and places where it works and to be recognized as a model and valuable company. To achieve this goal, Midhco regularly, openly, and honestly communicates and with people who are affected by industrial activities and takes their views into account in our decisions. Developing educational justice, supporting NGOs and charities, supporting local suppliers, supporting local development infrastructure and supporting cultural activities are among the main approaches of Midhco in helping the development of local communities and taking action on social responsibilities.



## Human capital and community development



### Human development

#### Social Responsibility Approaches in Midhco Human Resources:

- Improving knowledge and skills and developing competencies
- Balance between work and life in Midhco
- Developing and promoting equal opportunities
- Providing welfare amenities for employees and families
- Improving the level of participation and communication of human capital
- Increasing the safety and health of employees

#### Inhibiting the prevalence of Covid-19:

- Midhco's actions against Covid-19 in 99
- Midhco statistics against Corona per year
- Social responsibility in Midhco: launching a health mask production line

#### Midhco Human Capital at a Glance

#### Job satisfaction measurement

#### Local community development:

- Principles of local community development in Midhco
- Midhco approaches to social responsibility in the local community
- Midhco actions in the development of the local community in the year 99

## Human capital and Community Development



MIDHCO  
Social  
Responsibility  
Report  
2020



## Midhco approach to social responsibility in human resources

From the beginning of the establishment of Midhco and the expansion of its activities and the identification of the main goals, all planning in the field of human capital has been done according to high-level documents and the views of senior managers to support the company's main processes and at the same time align the company's social responsibilities towards the staff. Documents such as Midhco Human Capital Strategy Document, Midhco Human Capital Management Control Model Document,

Recruitment Instruction Document, Midhco Human Resources Training Regulations, Human Capital 5-Year Plan Document, Midhco Employment Regulations, and Payment System can be mentioned as macro policies and plans of Midhco. In these policies, special attention has been paid to the needs of employees as human capital and improving the quality of their work life in Midhco. Midhco's social responsibility approaches and evidence of it can be seen in the figure below.

### Social responsibility in human resources



### Improving knowledge and skills and developing competencies

Increasing skills and developing competencies is one of Midhco's main strategies for achieving global development, and therefore, we look at it as a useful investment and a key factor in the development of the company. The comprehensive training system of Midhco staff is an interconnected set of components and subsystems that achieve predetermined goals to improve the efficiency of human resources and organizational effectiveness, through continuous interaction. Achieving an acceptable standard in skills, improving insight and attitude, and improving employee performance are some of the targeted effects of this system.



In addition to the above general policies, specialized training courses and Mini MBA, DBA and MBA courses, which in addition to CEOs, have been designed and implemented at the level of managers and experts, will provide the ground for promoting and succession of managers with the expansion of Midhco.



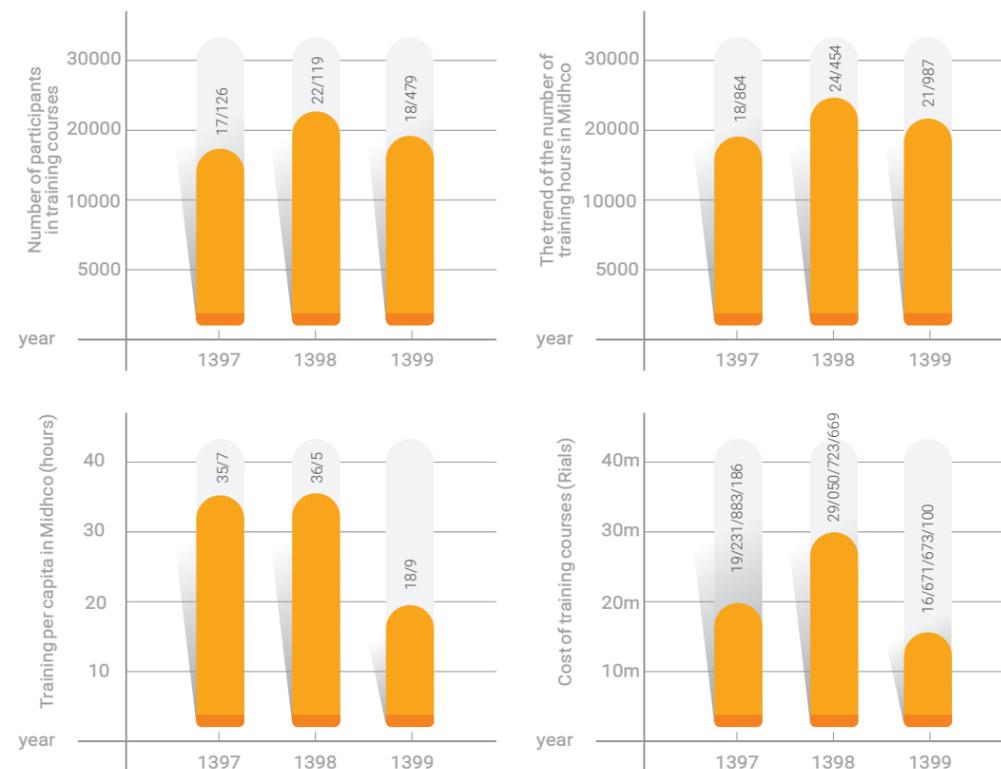


## Comprehensive Education performance in Midhco and subsidiaries

Number of participants	Number of training hours	Training per capita (hour)
18/479	21/987	18/9

وضعیت دوره‌های MBA، DBA و Mini MBA

Total man hours	Total training hours for each participant	Number of participants	Number of courses	Course title
3,360	120	28	1	Specialized human capital course
880	44	20	1	Specialized business course
880	40	22	1	Human capital course for non-human capital managers



The trend of the number of participants in training courses

## Balance between work and life in Midhco

Balancing work and life is one of a company's most important responsibilities to its employees. Accordingly, one of the approaches of Midhco human resources is to create suitable working conditions in the workplace in order to improve the quality of work life and ultimately achieve the balance between life

and work in employees. To achieve this goal, Midhco has designed a payment system in accordance with the market and in many cases above the market average, and has established a culture of special attention to the family in Midhco by providing a set of welfare and working conditions.





### Developing and promoting equal opportunities

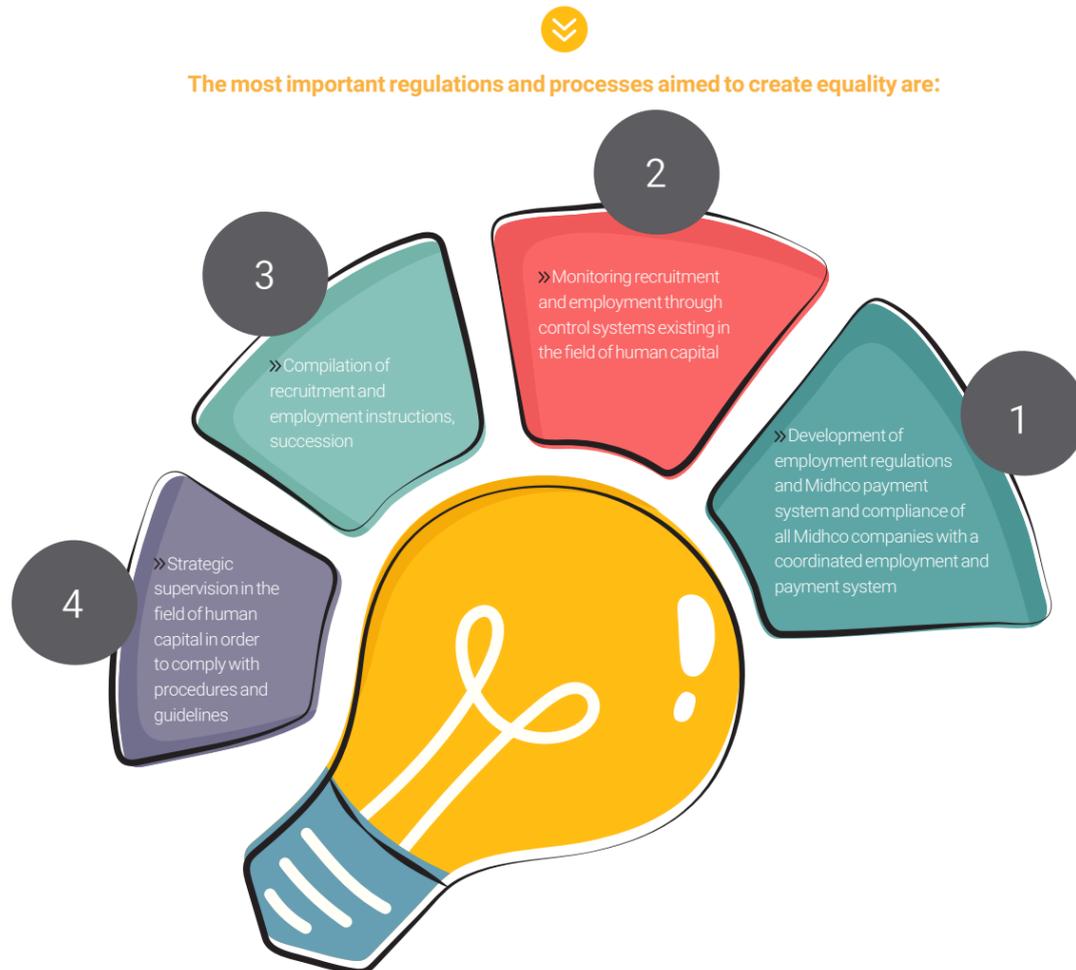
Development and promotion of equal opportunities is one of the main priorities of human resource development approaches at the level of Midhco Holding. The first step in this direction is to build a platform by compiling related upstream documents in Midhco.

One of these documents is the Midhco Business Behavior Guidelines, which the section of "Applying the same conditions in employment and appointments" emphasizes the Midhco's commitment to respectful and appropriate treatment and behaviour towards each partner in order to develop and maintain human capital. These arrangements are essential to provide the possibility of progress and success for business

through human development and colleagues' awareness of the importance of their role in this regard. The role of holding leaders is to establish and promote equal opportunities in a supportive and supervisory manner. This means that Midhco leaders play a supportive role by approving related programs and supporting their implementation.

On the other hand, by compiling clear and codified bylaws, and their accurate and systematic implementation, an attempt has been made to implement the various fields in which privileges or facilities are provided to employees in such a way that there is equal opportunity for all.

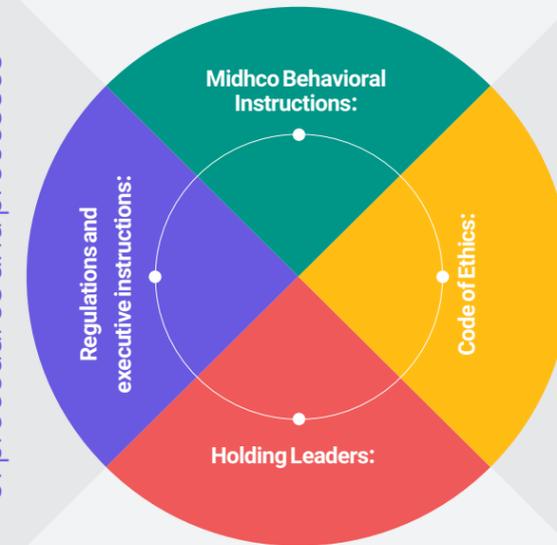
#### The most important regulations and processes aimed to create equality are:



### Procedures for developing and promoting equal opportunities at Midhco

Applying similar conditions  
in employment and  
appointments

Coordinated recruitment and  
payment system, succession  
instructions, strategic monitoring  
of procedures and processes



Justice, piety, impartiality,  
seriousness, fairness

Approving, supporting and  
monitoring the implementation  
of equality and  
anti-discrimination procedures



### Providing welfare facilities for employees and families

In Midhco, human capital plays a pivotal role in achieving Midhco's goals and vision. Therefore, in accordance with the various needs of employees, various welfare programs have been designed and implemented for them. These programs cover various aspects of employees' lives, such as health, welfare, increasing skills and quality of family life, and securing their future.



- 1 Insurance and health coverage for all employees:** supplementary insurance for all employees and their families (with a ratio of 25% of employees' shares and 75% of the company's share), periodic examinations and health assessment, formation of electronic medical and health records of employees, life and accident insurance coverage for all employees.
- 2 Providing preventive and curative services for Covid-19:** Daily delivery of masks to people, disinfection of surfaces, creating social distance in the workplace, providing ventilation, supporting suspicious or ill colleagues during quarantine, preventive education in the workplace and family environment
- 3 Providing cash and non-cash benefits:** Preparation and distribution of "MidhcoCards" and recharge on different occasions (8 occasions according to the previous approval of the committee) during the year with a previous announcement by Midhco.
- 4 Training employees' family:** Providing appropriate education for employees' families, general life skills and job description, work-life balance programs, education facilities for employees' children, awarding prizes to excellent employees' children, scholarships for starting the school year and gifts for marriage and childbirth
- 5 Travel and tourism facilities:** Planning to provide facilities for travel and tourism planned for all employees, contracts with tourism service centers in the form of Avand project (Pasargad and Midhco Electronic Payment Company), obtaining discounts from tourism service centers and payment of travel and tourism allowance to MidhcoCard
- 6 Employee Future Insurance:** Requiring membership and shareholding of employees in the Future Insurance Company and allocating a 6% monthly budget of the company's share for each employee.
- 7 Facilitating transportation and providing safe daily food:** According to the conditions of Corona, Midhco, in compliance with the necessary hygienic principles and protocols, has provided daily food in all companies, complexes and factories and has established a suitable transportation service for employees, also in the headquarters, companies and cities where service is not possible, transportation costs are paid.



### MidhcoCard: Targeting welfare payments



### Providing welfare facilities for employees and families

With the help of Pasargad Bank, Midhco has designed and presented a welfare card called "MidhcoCard" in order to target welfare payments and help the fair distribution of these payments to Midhco colleagues at various job levels and across the country. In recent years, there have always been two concerns in the design of welfare services between Midhco managers. First, with rising inflation in the country, the level of Midhco cash payments was higher than other companies and factories, creating an income gap between Midhco employees and the public in local communities. This gap created discrimination and increased expectations in local communities. On the other hand, balancing welfare payments and speeding up these payments to co-workers' families has always been one of the goals of welfare services. Based on this, MidhcoCard is designed to target welfare payments. At present, with the cooperation of Pasargad Electronic Payment Company, the Midhco welfare service system has been created, in which MidhcoCard holders use the acceptors of the contracted party by connecting to the

Avand system, and in this electronic card, welfare assistance to colleagues is supposed to be balanced between health and treatment, sport, education, general, travel, and tourism (close loop), so that while Midhco employees benefit from various welfare services, it is possible to extend the use of these services to their families. Also, with the widespread use of MidhcoCard at the level of subsidiary companies and at the national level, it will be possible to receive special discounts for employees. Providing value and credibility for employees when receiving services and purchasing products is another result of using MidhcoCard and direct interaction of Midhco management with stores and major suppliers of goods and the main service providers in the country to meet the welfare needs of partners. In the graphic design of MidhcoCard, a combination of the main production complexes of Midhco, including Zarand, Bardsir, and Shahr Babak Steel, has been used to show the production capacity of Midhco Holding in the country.



### Improving the level of participation and communication of human capital

Among the components of culture and management, unity, which means teamwork, and learning from each other are concepts that senior managers of Midhco have always valued as a basis for business valuation and long-term development. The design and implementation of the team structure and the participation of the committees in the decision-making and macro-decisions of the company is a proof for this. The senior managers of the company obtain their views directly and in line with the views of senior managers and employees, through continuous interaction

and holding face-to-face meetings at certain intervals with different levels of employees. In order to increase employee participation based on the strategic goals of "empowering and improving employee participation" and with the aim of creating a space and system by management that all employees, customers and contractors participate in the decision-making process and solve problems and issues of the organization, participation system Midhco has been developed and implemented with a focus on developing delegation of authority at levels other than managers

and promoting a participatory approach of proposing leadership and leading teams. In the employee participation system, a special look is given to empowerment with the approach of participation in decision-making, and the operational levels of employees are actively involved in these decisions. At Midhco, with well-considered and expert recruitment, employees are recruited to seek value creation and participate in problem solving, and these characteristics are reinforced by the cultural alignment in Midhco.

### Midhco employee participation system



Since 1393, the suggestion system was launched manually in Babak Copper Iranian Company. In a way that 4 boxes of the suggestion system were installed in the busy places of the site and the employees of the company put their suggestions in the boxes. The boxes were opened once every 45 days by the relevant official and the offers were withdrawn. The manual nature of this system caused the participation rate of colleagues in suggestion to be gradually reduced and on the other hand, the effectiveness of this system against the time and energy of the officials of the suggestion system was reduced. In 1399, according to the emphasis of Midhco senior management, an improvement project was defined as "mechanization of the suggestion system" in Babak Copper Company, in order to increase the participation of colleagues in improving the work environment. In this project, the process of the suggestion system is connected to the performance of the partners in order to encourage and increase the participation of the partners in presenting constructive suggestions in the company. The

process of the suggestion system is such that several specialized committees are formed from different topics. Each person selects the relevant committee after submitting a suggestion. Suggestions go to the relevant committees where they are reviewed and graded. Rewards are then paid based on the amount of points each offer receives. The reward is paid to those who gave suggestions in two parts: part of it is paid as the reward of the offer and part is paid as the reward of the execution and after the execution of the offer. It should be noted that in this system, executors and reviewers of suggestions will also receive rewards. Also, in order to mechanize the suggestion system, after reviewing the suppliers, the software related to the company was finalized and selected and the desired software was purchased by concluding a contract. This software will be unveiled and used in May 1400. In 1400, the company's employees are to be trained in the use of this new software to have sufficient skills and familiarity to use the new suggestion system.



## Increasing safety and health

### Midhco HSE-MS system

In line with the strategic goal of “maintaining the safety and health of employees and improving the HSEC”, by preparing and formulating policies and strategies in the field of safety and health at the level of Midhco and also planning the macro structure of HSEC management systems to ensure a safe and healthy work environment for employees, Midhco has monitored and supervised the management systems of Midhco companies and pursues measures to improve and continuously follows up the improvement of the level of safety and health in its subsidiary units.

Accordingly, with the aim of replacing traditional approaches with new knowledge and technologies, HSEC Management has tried to prioritize preventive

and proactive measures over corrective and reactive measures, while developing Midhco’s systematic and fundamental principles and frameworks in the field of HSE in the form of HSE management system at the level of all its activities.

For this purpose, Midhco HSE-MS system has been developed and implemented according to the needs and characteristics of Midhco’s field of activity in the mining industry and in order to enable comprehensive policy and purposeful, coherent and integrated HSEC management at the level of subsidiary units, observe HSEC Holding policies and strategies and achieve better performance, in line with the general goals of Midhco Holding in the field of safety, health, environment and community.



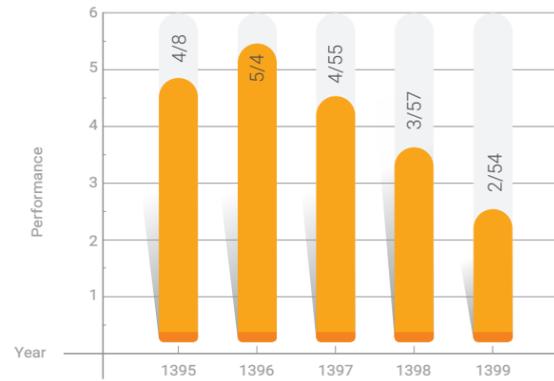
## Achievements of HSEC management in the field of employee safety and health in 1399

Midhco’s main vision and goal is to achieve zero damage level. Due to the implementation of safety and health programs in recent years, the frequency rate index in 99 has decreased compared to previous years and the trend of the index is decreasing and towards zero. According to reviews and interpretations by organizations such as ANSI and OSHA, the FR index between zero and ten means that the company’s performance in the field of safety is acceptable.





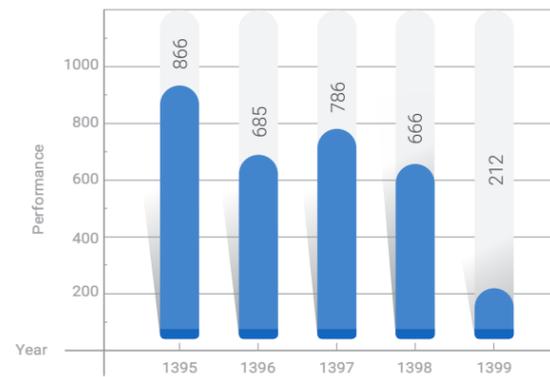
### Frequency rate



\* Accident frequency rate indicates the number of accidents occurred per million working hours.

Midhco's main vision and goal is to achieve zero damage level. Due to the implementation of safety and health programs in recent years, the frequency rate index in 99 has decreased compared to previous years and the trend of the index is decreasing and towards zero. According to reviews and interpretations by organizations such as ANSI and OSHA, the FR index between zero and ten means that the company's performance in the field of safety is acceptable.

### Severity rate

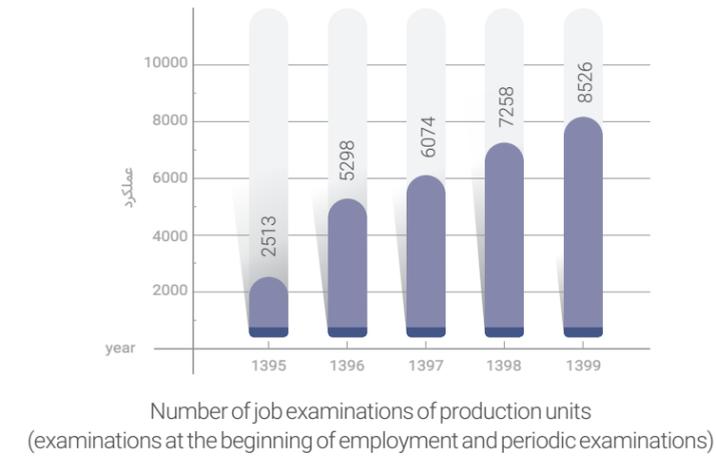
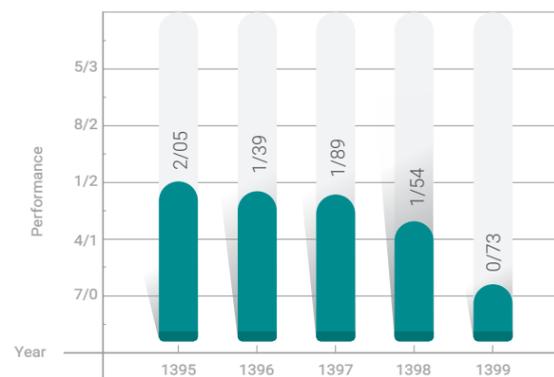


\* Accident severity index indicates the number of working days lost in an accident per million working hours.

Due to the implementation of HSEC management programs in recent years, the severity rate index in 99 has decreased compared to previous years. The trend of this index has been decreasing and towards zero in the last 5 years.

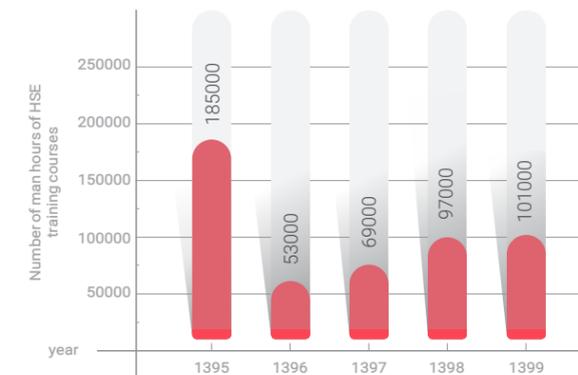
Frequency and severity indicators alone cannot indicate the performance of an organization. The combination of these two coefficients is commonly used in comparative studies. As can be seen, due to the decrease in the frequency index and the accident severity index, the recurrence rate index has had a decreasing trend since 94 and has been towards zero.

### Accident frequency-severity rate index



Number of job examinations of production units (examinations at the beginning of employment and periodic examinations)

### The most important titles of safety and health training courses in the year 99



\* Due to corona conditions, most courses have been held virtually.

### Training titles



Process safety management



Safety of working with chemicals



Covid-19 prevention course



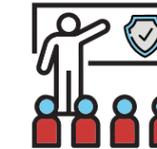
Training for working in height



Unit critical situation management



Defensive driving safety training



Acquaintance with HSE standards



HSE risk management



### HSEC management actions in the field of safety and health in the year 99

In 1399, HSEC Management held 72 meetings of HSEC Midhco's specialized committee, and 80 monthly meetings of HSEC executives and managers in Midhco subsidiary companies in order to increase synergism and syncretism in the field of HSEC to continuously monitor safety and health at the level of production units and holding projects of Midhco and resolves observed non-conformities based on the HSEC Performance Evaluation Model during continuous inspections. In order to monitor the implementation of HSE laws and prevent accidents and work-related diseases, the HSEC management has followed up and supervised the monthly meetings of the Technical Protection and Occupational Health Committee in all units with the participation of employees and the employer.

In 1399, 35 meetings of the Management Committee for Prevention and Risk Management of Midhco were held with the presence of managers and senior consultants of the CEO with the aim of systematizing,

creating integration, and developing capabilities and preparedness in the face of crisis conditions and following up and reporting on the status of subsidiary companies.

Other actions of HSEC management in this regard have been the creation of a prevention and risk management database of Midhco by collecting and organizing prevention and risk management plans from the holding subsidiary complexes.

Holding rescue and firefighting competitions at Midhco level

Executing 24 maneuvers and scenarios to improve emergency management

Follow-up and supervision of the establishment of 20 occupational health centers equipped with ambulances, medical facilities, medical staff and medicine

Follow-up and supervision of the establishment and operation of 19 fire stations equipped with firefighting facilities at Midhco level



At Midhco, maintaining the safety and health of employees is one of the strategic goals of the organization at all levels.

## Prevention of Covid-19:

The outbreak of Covid-19 in Iran turned 1399 into a difficult year for businesses and society. This year, restrictions on transportation, especially between countries, slowed global economic growth. In parallel with this trend, fear among producers and consumers changed the current patterns of global consumption in the world and global markets collapsed. All of this disrupted the global supply chain and affected various industries in Iran and the world, including tourism, the capital market, the housing market, small businesses, and ultimately the gross national product of countries.

Contrary to these conditions, Midhco management tried to minimize the effects of the Covid-19 virus outbreak on business by implementing risk management policies and promoting safety and health in companies and manufacturing complexes. From the very first days of the outbreak, HSEC management tried to implement the requirements of controlling Covid-19 in Midhco, based on fulfilling the social responsibilities of the company in maintaining and promoting the health and well-being of Midhco human capital, by compiling instructions and guidelines for preventing the spread of Corona virus and notifying all subsidiaries of Midhco Holding to implement them in accordance with the requirements of the National Anti-Corona Headquarters, the Ministry of Industry, Mine and Trade and the Center for Occupational and Environmental Health of the Ministry of Health and Medical Education.

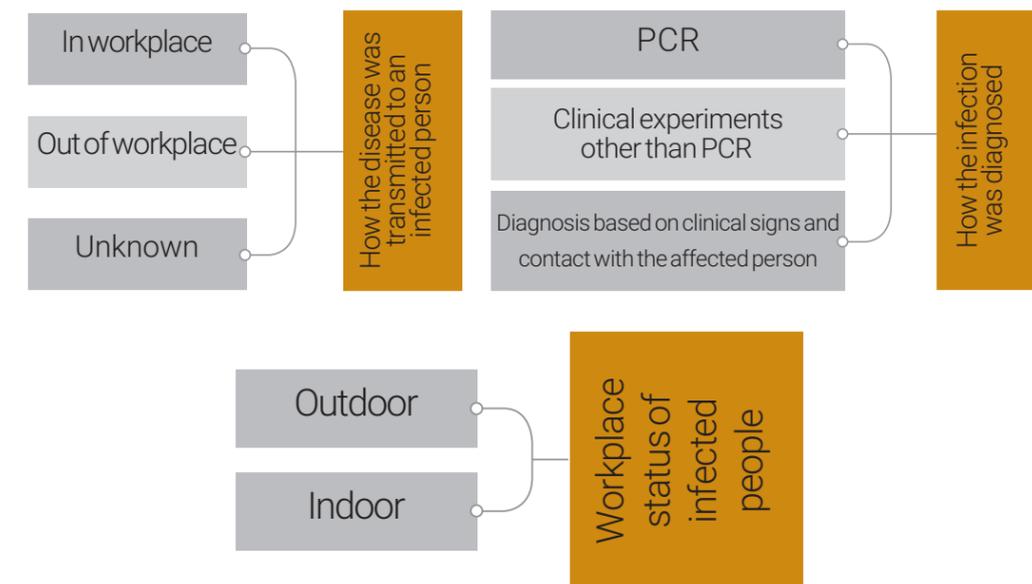
### Midhco's achievements in controlling the Covid-19 epidemic

The HSEC management of Midhco has taken measures to evaluate the effectiveness of the measures taken since the beginning of the outbreak of Covid, and if necessary, corrective measures have been taken to continuously monitor the condition of patients at the Midhco level.

In 1399, no fatalities occurred in all companies and production complexes of Midhco, and from the beginning of Esfand 1398 to the end of Azar, 1399, out of a total of 20,000 people employed in the Midhco in production units and projects, the number of definitive patients with corona is about 500. According to HSEC management studies, most of these people are infected outside the workplace.

Based on a sample of related monitoring in Aban, 1399 and the analysis of the statistics of patients at the Midhco level, according to the measures and actions taken in the workplace, 85% of people were infected out of the workplace, and the workplace in the meantime has played a more limited role.

### Continuous monitoring and analysis of Covid-19 infection at various levels in 1399





## Midhco's actions against Covid-19

### Improving safety and health requirements

Since the outbreak of Covid-19, HSEC management has published 12 guidelines for the control of Covid-19 and has announced them at the across Midhco level. These guidelines have been shared with Midhco employees through information groups and social media, and oversight of its implementation at the Midhco level has been exercised by the HSE managements of complexes and companies.

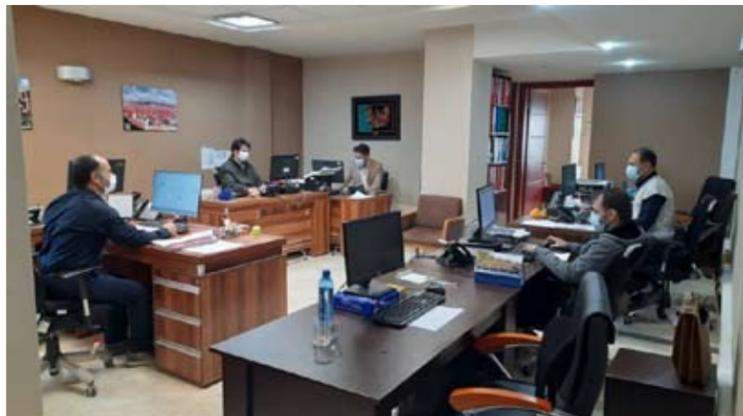


Thermometry of individuals entering production complexes and companies has been part of Midhco's efforts to control Covid-19 in 1399.

### Improving health conditions of work environment

One of the main measures to reduce the effects of the Covid-19 epidemic has been to improve working conditions at Midhco. Accordingly, by identifying areas at risk, proper ventilation has been established in enclosed spaces where there is a possibility of disease transmission. In addition, HSEC management has tried to minimize the possibility of disease transmission in closed workplaces by thermometry of individuals when entering companies and complexes, distributing masks and monitoring its use by colleagues, and establishing social distance. To avoid reducing work efficiency, the use of telecommunications technologies such as video conferencing and office automation and the use of telecommuting systems in the activities, have been prioritized.

Another key step in reducing the risk of Covid-19 is regular disinfection of Midhco workplaces. Cleaning and disinfection of equipment, work areas, machinery tools, work tools, dormitories, transportation vehicles, offices, bathrooms, kitchens, and surfaces with common contact have been continuously performed in 99.



Use of masks and social distancing indoors to prevent the spread of Covid-19 in Midhco

### Training Midhco colleagues

In 1399, colleagues in Midhco were given the necessary training on Covid-19, its prevention strategies, adherence to health protocols at work and at home, and taking care of Covid-19 patients in various ways. In order to increase the effectiveness of these trainings we used social medias, leaflets, announcements, short-term training, PowerPoint, and making videos and for all personnel working in the companies and production complexes Midhco.

Midhco management has made it possible to use sick leave at the discretion of trusted physicians of subsidiary companies to support colleagues with coronavirus. In addition, people with symptoms of Covid-19, such as cough, headache, fever, body aches, people in contact with patients with the coronavirus, or people with the coronavirus, are provided with paid leave.



Availability of disinfectants in the workplace has been a part of the Midhco protocols for controlling Covid-19 in 1399.



Production visits to production complexes in compliance with health protocols



## Midhco statistics against Covid-19 in 1399

Midhco turned the Covid-19 outbreak crisis into an opportunity to increase the supply chain resilience of its products, as well as improve stakeholder relations by the support of partners and the local community in the fight against the Corona pandemic.



**460,000 liters**

of disinfectant to implement  
health protocols



**4.2 million**

thermometry for all people entering  
the units



**4800 virtual**

tutorial on how to prevent  
Coronavirus outbreak



**28 billion**

supply of masks, gloves,  
disinfectants, thermometers



**7,000 cases**

of health inspections and monitoring



**85,000 packages**

including disinfectants, masks,  
gloves for drivers

تأمین آتیه میدکو



Launching the  
production line of  
health masks



Simultaneously with the emergence and arrival of Covid-19 in the country and the need to comply with protocols to prevent infection and use of health equipment, as well as the small amount of this equipment in the country and due to their growing demand, Atieh Midhco decided to produce health mask in line with its social responsibilities and along with other institutions involved in the fight against this virus, in order to meet part of the needs of society. In this regard, in early 1399, with a comprehensive and rapid review, it proceeded to purchase fully automatic machines and equipment for the production of sanitary and standard masks at its industrial clothing factory.

TaMidhco mask production line with the ability to produce 3 and 4 layer hygienic masks is fully automatic from production to packaging, and equipped hall required for mask production observed all health and safety protocols using the highest quality raw materials (from Bellon

and Baiko). The number of manpower employed in this line is 15 people with three work shifts and the production capacity in each shift is 400,000 masks.

During this period, TaMidhco Company has succeeded in obtaining ISO 13485 certification from the Italian company IMQ and also the health apple license from the Food and Drug Administration, for the observance of all standards and health points.

Until 1399, TaMidhco was able to deliver 4.5 million masks to the companies of the Midhco Group and 1 million masks to other applicant companies.

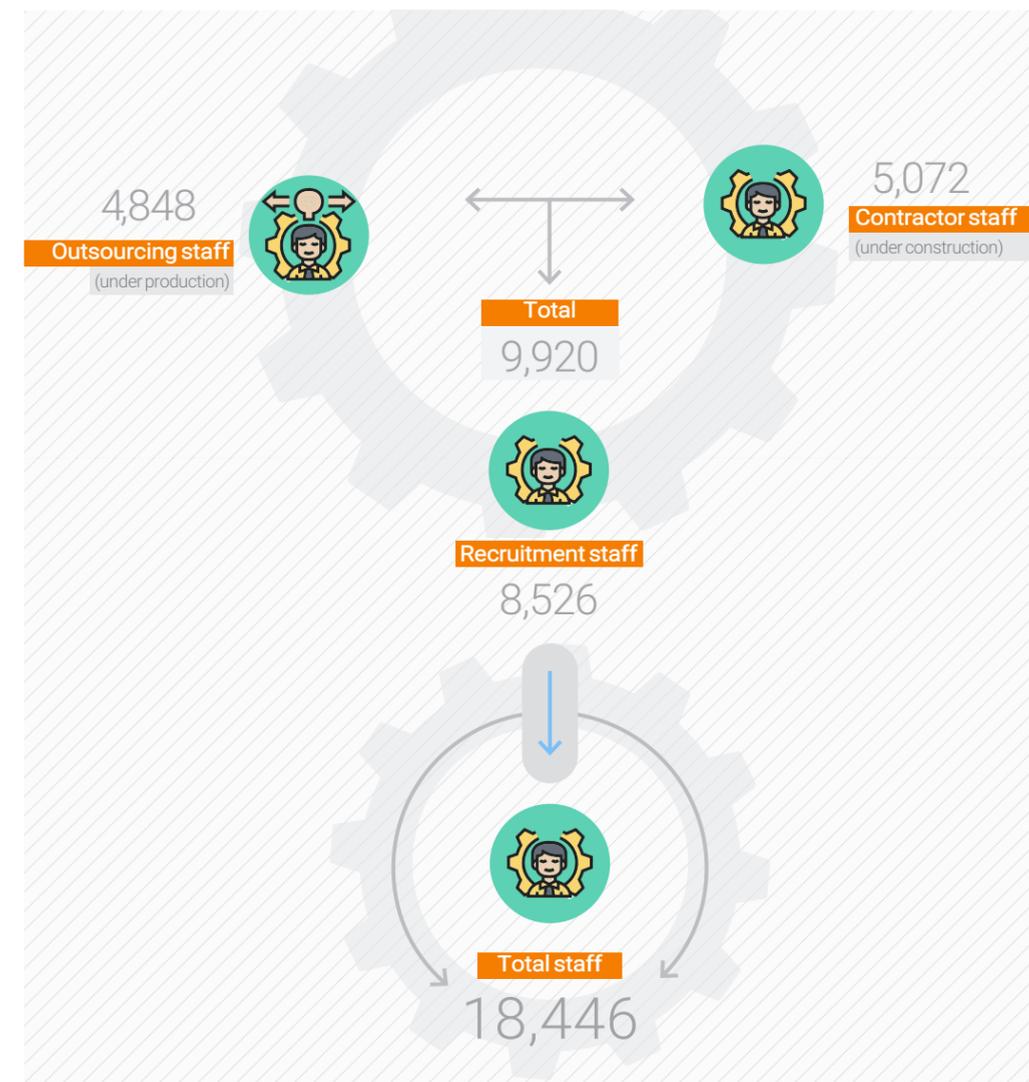
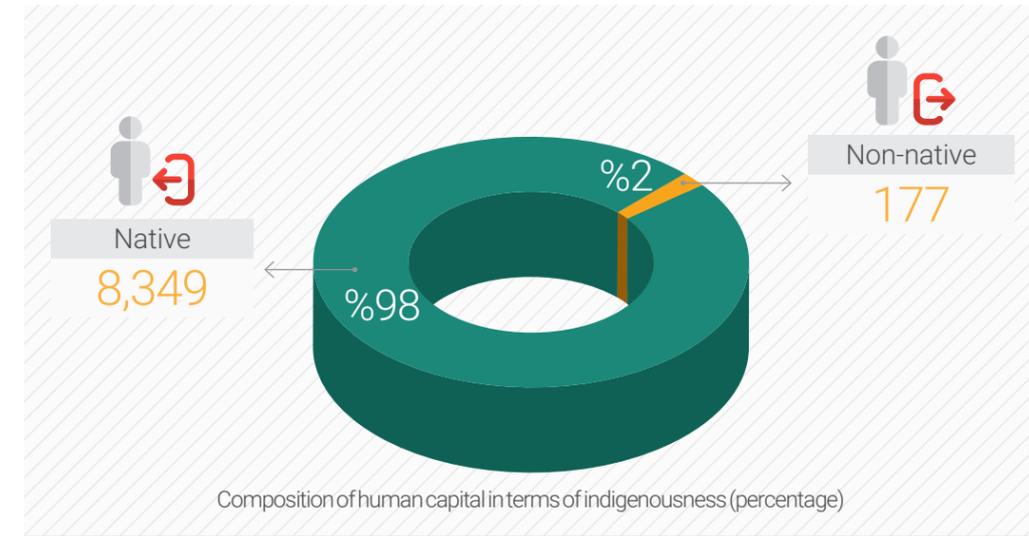
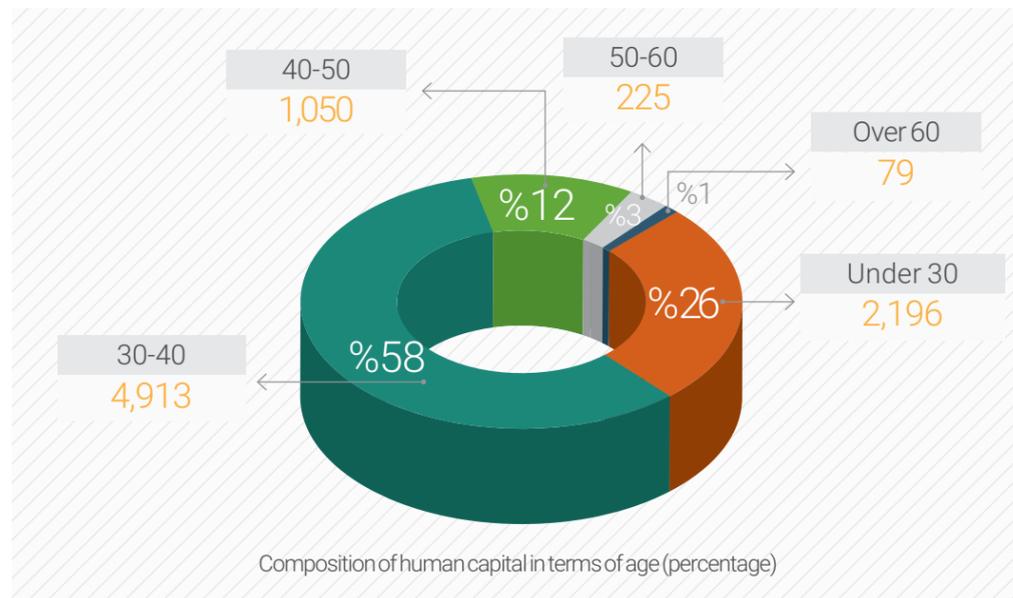
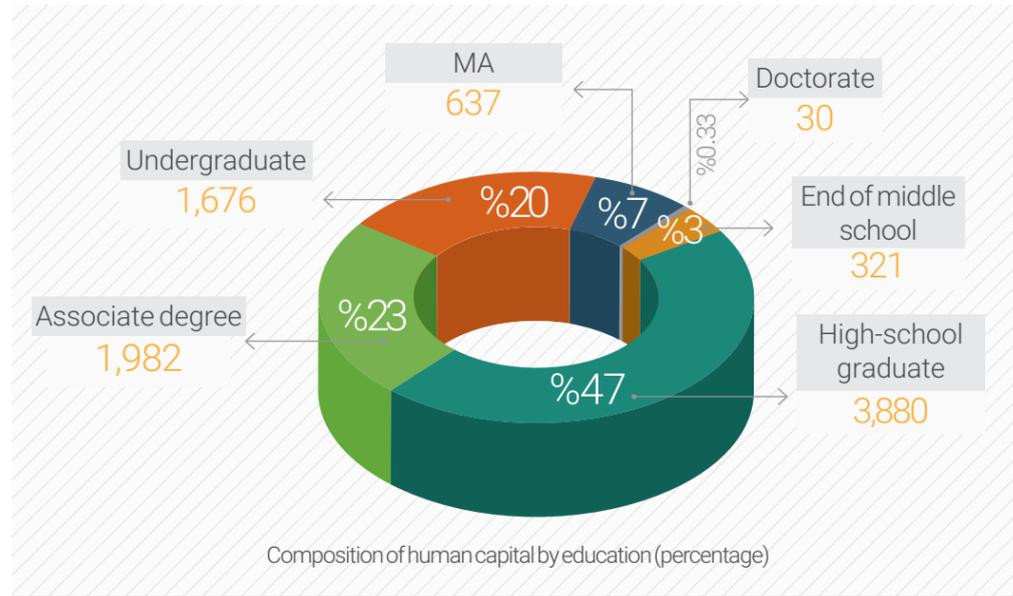
Also, in line with Midhco social responsibility assistance, 40,000 masks have been donated to the Red Crescent and Environmental Organizations of Kerman, 25,000 masks have been donated to 5 major hospitals in Kerman, and 40,000 masks have been donated to the Red Crescent Organization of Zahedan.



## Midhco Human Capital at a Glance

Midhco's two key goals in human capital development are to have the best manpower and to be globalized by taking advantage of the expert and skilled manpower. Accordingly, Midhco strategies in this area are reviewed annually to meet the needs of Midhco in the field of providing expert human resources in line with the goals of the organization's strategy. The result of this view is to rely on the capability of human resources and use experienced

and capable managers in the development of Midhco and the transformation of human capital into a strong point in its activities. Midhco's focus on the use of indigenous manpower (nearly 98% of the total manpower in the entire holding) and skilled youth (84% of the manpower under 40) play an important role in the economic development and prosperity of the local community in terms of employment, vitality and social welfare.



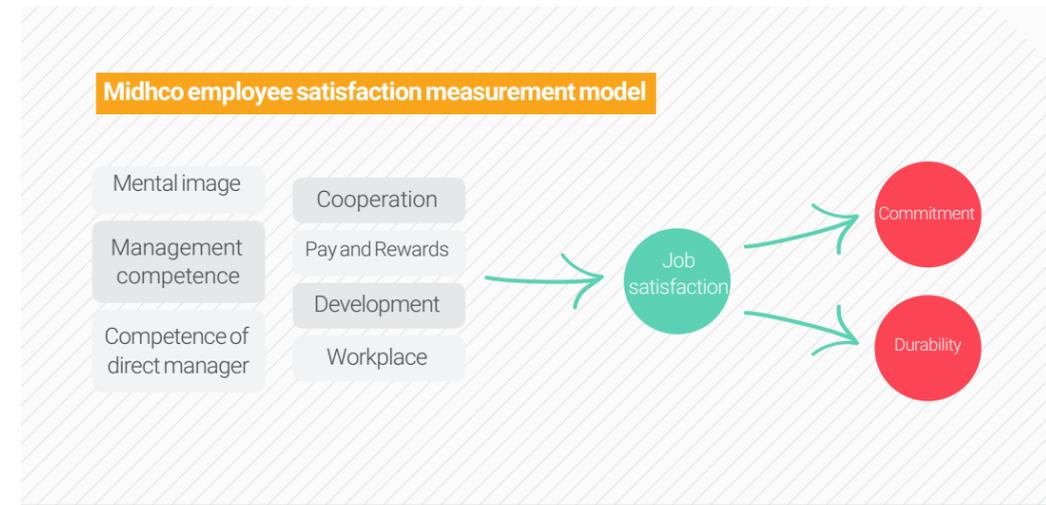


## Job satisfaction evaluation

Job satisfaction of Midhco employees is measured annually based on the Employee Satisfaction Index (ESI) model in collaboration with a consultant and executor outside Midhco in order to achieve reliable and analyzable results at the headquarters and subsidiary levels.

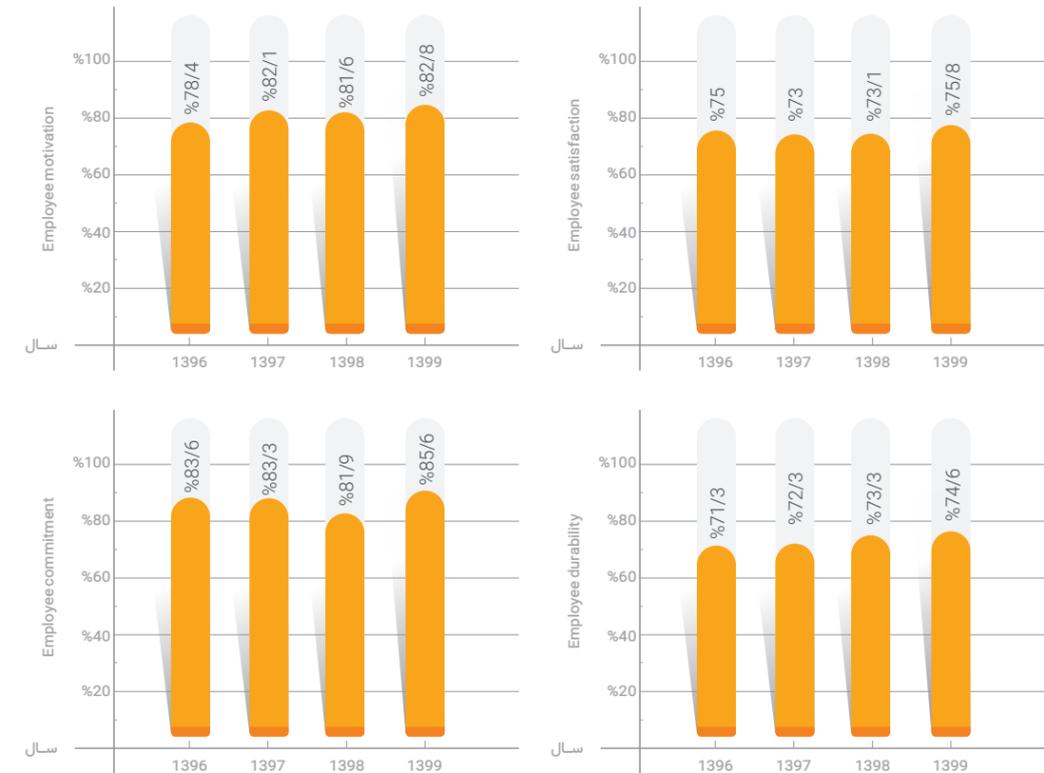
In this model, the general inference of employees from the organization is determined not directly but by relying on hidden influential variables.

Based on the results of the survey, reports are prepared by the human resources manager and performance evaluation of the managers and are reviewed in meetings with the CEO's advisors and some executives and based on the CEO's order, are used for specialized working groups formed to analyze the results and improve priorities in reviewing strategies and policies for implementing improvement programs.



## Results of job satisfaction evaluation goals in 1399

Midhco Job Satisfaction Index in the Human Capital Specialized Committee is targeted based on factors such as vision, macro goals and strategies of Midhco, survey results obtained in previous periods, predicting the impact of improvement plans, and the effect of completion and operation of new factories.





## Local community development in Midhco

Midhco strives to best contribute to the economic and cultural interests, carry out its activities in accordance with social conditions, and development of the host communities in any area in which it operates, especially in less developed areas. The social responsibility approach in Midhco is especially important with more emphasis on increasing the role of local community and bottom-up attitude in planning and management perspective of Midhco. According to the Midhco Code of Social Responsibility, in each company or complex, social

development programs are developed and approved after studying and evaluating the economic and social environment of the host communities and evaluating the expectations and needs of beneficiaries, as well as reviewing and identifying the existing potentials and opportunities. Local community development plans are consulted with representatives of host communities and beneficiaries before finalization. Codified social development programs should have specific criteria and indicators and, if possible, be "measurable".

### Focusing on the villages, paying special attention to the youth, using the experience

#### Focusing on the villages, paying special attention to the youth, using the experience

##### Paying attention to the consequences and effects of the social development plan

In any company, the effects and results of the implementation of programs should be identified and prioritized from the perspective of beneficiaries and threats to the company's activities in consultation with the elites and stakeholders of the community.



##### Assessing the capacities and resources of the social development plan

The Social Responsibility Committee in each company identifies and evaluates the existing capacities of the required resources (including technical, human and financial resources and resources of other beneficiaries, especially the host community) to implement each project.



##### Intuitive capability of development plan effects

The ability to observe the expected changes and effects in the implementation of development projects in the economic and social environment of the host community should be studied and identified so that this effectiveness is communicated directly or through representatives of the host community to the beneficiaries of each project.



##### Paying attention to the efficiency and effectiveness of the social development plan

The efficiency and effectiveness of any development plan is the most important criterion for implementing a program. Analysis of the effectiveness of programs during and after implementation is studied and analyzed to be used as a record of successful or unsuccessful experiences in new plans and activities.



## Midhco social responsibility approaches in the local community

Believing in the motto of local community development, Midhco has focused social responsibility activities in the community on the villages and on the youth in the communities. Accordingly, by supporting non-governmental organizations, associations, and charities in local communities, it has provided the ground for positive communication and interaction with host communities to empower the local community. On the other hand, by contributing to the development of local development infrastructure, it has led to long-term economic development in the host communities, and as a result, a platform for the

prosperity of local businesses.

Emphasizing on supporting cultural and sports activities while respecting the values and culture of the host communities, Midhco considers the vitality and empowerment of the youth as part of its responsibilities to the community. Also in recent years, with the emphasis of senior managers of Midhco on the importance of educational justice and training, schools and supporting the education of students in local communities in the development of the community have been one of the priorities of Midhco social responsibility programs.





## Midhco actions in local community development

### 1 Supporting NGOs and charities

The view of Midhco leaders was initially that holding should be effective and efficient in various areas of society. One of these strategies to help develop the local community is to help NGOs and charities active in these communities and to attend and support various areas of specialized, scientific, social and cultural. The list of support and assistance of Midhco Holding in this field is very diverse. The main groups that make up this aid and support in 1399 are as follows.

#### Midhco Supports of NGOs and Charities in 1399

- » Supporting Associations, Conferences, Exhibitions, and Scientific Forums
- » Assistance in the release of involuntary crime prisoners in the amount of 2 billion Tomans
- » Financial support for the plans and projects of the National Environmental Development Fund (in the total amount of 2 billion Tomans until 1399)
- » Assistance to the Imam Relief Committee of the village and city councils of Zarand and Sirjan by allocating 350 million Tomans
- » Financial assistance to the promotion headquarters of the school of Martyr Haj Qasem Soleimani in Zarand city
- » Supporting the empathy puzzle plan welfare organization in order to provide stationery for for the amount of 200 million Tomans
- » Donation to the Cancer Society (Yas Association) in the amount of 150 million to the Yas Charity
- » Supporting people with physical disabilities under the auspices of the Sepehr Foundation
- » Assistance to Imam Reza and Beit Al-Kawthar charities by allocating 700 million Tomans until 1399 from Butia Steel Company

### 2 Local infrastructure development

Midhco has always made development of local infrastructure one of its main policies in host communities. Accordingly, by identifying the target villages and their development needs, various measures, such as equipping schools and libraries, building sports facilities, helping to establish workshops for the production of Midhco supplies, solving road and water supply problems to the village, paying attention to the employment of villagers and

helping to develop agriculture in villages has been taken. In Midhco, prioritizing the needs of production complexes first from the region, and then nationwide will increase local employment and then national employment and as a result, economic activities. In 1399, Midhco's economic activity indirectly employed at least 185,000 people nationwide in production projects and development projects.

#### Midhco measures in 1399 to provide local infrastructure

- » Financial assistance and cooperation in providing equipment to set up FATA police in Kuhbanan city by allocating 30 million Tomans
- » Purchase of equipment required by the Kerman Red Crescent Organization to equip their houses with an allocation of 50 million Tomans
- » Provision and allocation of 500 million Tomans for the cost of construction of Zarand-Bafgh axis and Sirjan iron ore mine No. 4 to the surrounding villages
- » Improvement of the Zeidabad and Golestan airport of Sirjan city by allocating 10 billion Tomans up to year 99
- » Cooperation in the construction, improvement and elimination of accident hotspots in the protected areas of Zarand city by installing New Jersey and costing 300 million Tomans

### 3 Supporting cultural and sports activities

#### Midhco measures in supporting cultural and sports activities in the year 99

- » The championship of Iranian Sirjan Steel volleyball team in the volleyball premier league competitions in 1399
- » The presence of the football teams of Iranian Zarand Steel Company and Iranian Sirjan Steel Company in the futsal competitions of the country's clubs.
- » Providing sports items to equip the sports hall of Pabdana city with an allocation of 30 million Tomans.
- » Financial support of Kavir Kerman Girls Football Club by allocating 15 million Tomans. Butia
- » Supporting all conferences on mines and mineral industries and human resources and related exhibitions in 1399
- » Helping to hold national and religious occasions (such as Muharram ceremonies and Iftar banquets)



The championship of Sirjan Steel team in the competitions of the volleyball premier league of the country's clubs - Esfand, 1399



#### 4 Development of educational justice

##### Measures and expenses incurred by subsidiaries on the occasion of the beginning of the academic year 99

Amount spent (million Tomans)	Number of schools equipped and improved	Number of gifted students
800	10	1900

- Description**
1. Distribution of 1900 packages of stationery and bags worth 500 million Tomans.
  2. Equipping and improving 10 schools in Zarand region worth 300 million Tomans.



فولاد  
زرنديرانيان

Amount spent (million Tomans)	Number of schools equipped and improved	Number of gifted students
200	-	1200

- Description**
1. Distribution of 1200 packages of stationery and bags, worth 167 thousand Tomans each.



Iranian Butia  
Steel

Amount spent (million Tomans)	Number of schools equipped and improved	Number of gifted students
300	3	1170

- Description**
1. Distribution of 1170 packages of stationery and bags, shoes and health packages worth 200 thousand Tomans each.
  2. Equipping 2 rural schools in Sirjan for 50 million Tomans
  3. Equipping Bardsir Azad University with 4 disinfection devices and 2 thermometers for 16 million.



Sirjan Iranian  
Steel

Amount spent (million Tomans)	Number of schools equipped and improved	Number of gifted students
25	1	100

- Description**
1. Distribution of 100 packages of stationery and educational aids worth 200,000 Tomans each.
  2. Equipping and improving a rural school in Pabdana area for 5 million Tomans.



Pabdana  
Coal  
Faravaran

Amount spent (million Tomans)	Number of schools equipped and improved	Number of gifted students
120	-	760

- Description**
1. Distribution of 760 stationery packages and bags worth 158 thousand Tomans each.



Memradco



Ziskoo Mehr Celebration (Zarand Steel donations to the beginning of the 99 academic year) Mehr, 1399

Amount spent (million Tomans)	Number of schools equipped and improved	Number of gifted students
30	10	100

- Description**
1. Distribution of 100 packages of stationery, bags and health packages, each amounting to 200,000 Tomans.
  2. Distribute 30 pairs of shoes.
  3. Equipping 10 rural schools with hand sanitizers.



Ferosilis Qarb  
Pars

Amount spent (million Tomans)	Number of schools equipped and improved	Number of gifted students
32	3	80

- Description**
1. Distribution of 80 stationery packages and bags worth 200,000 Tomans each.
  2. Distribution of 80 shoes purchase vouchers to 80 students worth 100 thousand Tomans each.
  3. Distribution of 500 liters of disinfectant solution in the amount of eight million Tomans.



Babak  
Copper  
Iranian

Amount spent (million Tomans)	Number of schools equipped and improved	Number of gifted students
15	-	50

- Description**
1. Distribution of 50 purchase vouchers worth 300 thousand Tomans each.



Transportation  
of Samangan  
Tabar Iranian

Total	5360	27	1,522
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### اقدامات و هزینه های انجام شده شرکت های تابعه به مناسبت آغاز سال نو ۱۴۰۰

Amount spent (million Tomans)	Number of households in need	Number of gifted students	عنوان مجموعه
560	250	450	Zarand Iranian Steel
Distribution of shopping cart shopping cart worth 400 thousand Tomans each and clothing and shoes shopping cart worth 400 thousand Tomans each			
255	360	300	Sirjan Iranian Steel
Distribution of basket of goods to 360 households worth 541 thousand Tomans each .1 Distribution of shopping carts to 300 students worth 300 thousand Tomans each 2			
250	300	200	Memradco
Distribution of shopping carts to 200 students and baskets of goods to 300 families worth 500,000 Tomans each.			
180	-	900	Butia Iranian Steel
Distribution of 900 packages of stationery and bags, each worth 200,000 Tomans.			
30	50	-	Ferosilis Qarb Pars
Distribution of vouchers for buying shoes and goods to 50 families worth 600 thousand Tomans each			
30	100	-	Babak Copper Iranian
Distribution of shopping baskets to 100 families worth 300 thousand tomans each			
30	60	60	Samangan Tarabar Transportation
Distribution of shopping carts to 60 students and 60 families worth 250,000 Tomans each			
50	120	-	Pabdana Coal Faravaran
Distribution of 120 support packages including: food, health supplies and educational brochures for families worth 416 thousand Tomans each.			
100	130	-	Middle East Industry Caravan Company
1. Distribution of a basket of goods to 100 households worth 700 thousand Tomans each 2. Assistance in the treatment of special patients and people with disabilities worth 30 million Tomans			
60	200	-	Manasaz Construction Company
Distribution of food support package to 200 families worth 300 thousand Tomans each			
1.545	1570	1910	Total

### Local community development in Kohsorkh

#### Kohsorkh City

Kohsorkh city is one of the cities of Khorasan-e-Razavi province to the center of Rivash city, which is located 50 km away from Kashmar and 240 km away from Mashhad (the center of the province). The city, which consists of three parts of Barrod, Bar Kuh, and Takab, is bounded by Neishabour on the north and northeast, on the northwest by Shashtmad, on the east by Torbat-e Heydariyeh, and on the south by Kashmar. Siah Mountain Range located in this city with its high walls is the final line on Bardaskan desert and Khalilabad and Kashmar plains. The reason for naming this city Kohsorkh is the earthen hills around this city, especially on the road leading to Neishabour, which are often red in color due to mineral compounds such as iron.

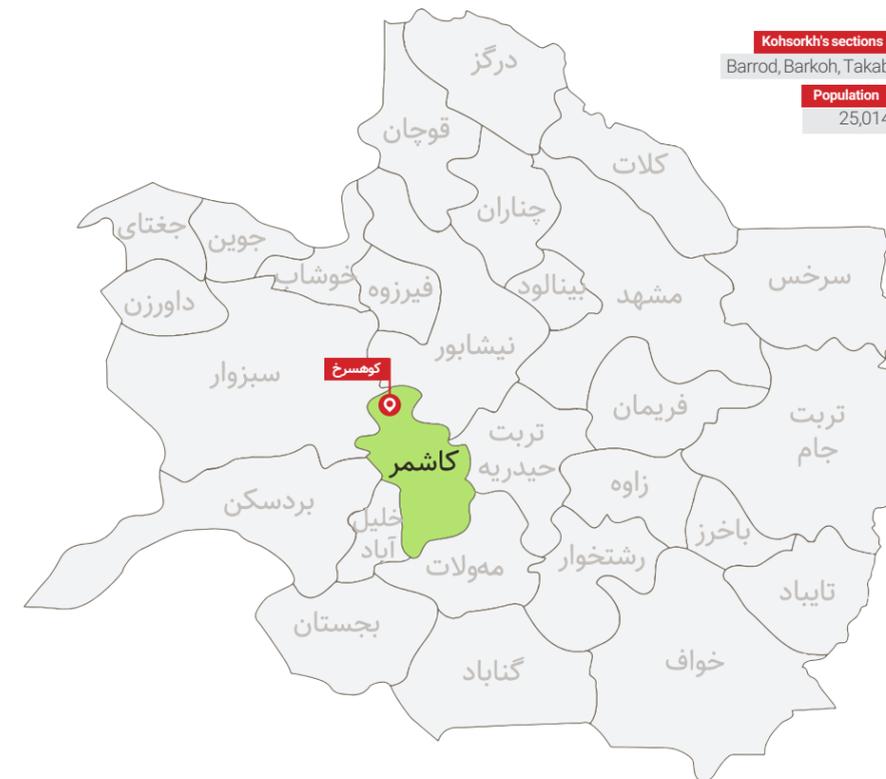


Figure 1: Geographical position of the Kohsorkh city

Kohsorkh was separated from Kashmar city on Azar 20, 1398, and is known as an independent city. According to the general population and housing census in 1395, the population of this city was equal to 25014.

Kohsorkh is one of the summer regions of Khorasan-e-Razavi province with its unique, red, and beautiful soil and due to its pleasant climate, which has attracted the attention of tourists for a long time. For example, the beautiful and spectacular city of Rivash, which is the center of this section, attracts many tourists every year to this beautiful summer area due to the diversity of climate, plant species, especially medicinal plants, different animal and climatic species, different gardens and springs, historical texture and old mud houses roofed with wood and reeds.



### Kohsorkh City Economy

Most of the business-related activities in the Kohsorkh city include mining, agricultural, wide, and livestock products, as well as tourism.

This section has very important mines due to its mountainous nature, among which valuable mines are gold, copper and marble mines. The different geography of this region compared to the neighboring areas has caused the largest rain-fed almond grove in Iran to belong to this city. The most

important agricultural products of Kohsorkh include watermelon, melon, walnut, cherry, tomato and turnip. Also, in livestock products, we can mention local milk and yogurt.

Rhubarb, Asafoetida, Manna of hedysarum, Pistacia atlantica, wild Cumin, Thyme, Yarrow, Viper's-buglosses, and Spear Thistle are among the mountain products of the region that also have medicinal properties.

Kohsorkh city	Khorasan Razavi Province	Iran	Index
215.000.000.000	75.326.000.000.000	2.348.941.300.000.000	GDP
24.599.542	24.342.800	29.702.000	Average rural household income
22.739.420	22.495.600	26.100.600	Average rural cost
	43.446.500	541.100.700	Average urban household income
	41.331.000	47.439.900	Average urban cost

Economic situation of Kohsorkh in comparison with the country and Khorasan Razavi province

The income of the Kohsorkh household is 18% less than the rural household of the country and the cost of the rural household is 13% less than the cost of the rural household of the country. Also, the income of the Kohsorkh household is 0.01% more than the rural household of Khorasan Razavi and the cost of the Kohsorkh household is 0.01% more than the cost of the rural household of Khorasan. Another is that the income of the Kohsorkh household is 55% lower than the urban household of the country and the cost of the Kohsorkh household is 52% lower than the urban household of the country.

### Objectives of the Midhco Social Responsibility Project in Kohsorkh

Midhco has established constructive interaction and effective communication with beneficiaries, including the local community, as one of the main approaches in business to achieve its vision. In relation to the local community, Midhco has focused on disadvantaged villages in social responsibility programs to help create rural employment, increase income, and improve the welfare of rural households. Accordingly, Iran Industrial Development and Renovation Construction Company \_ Mana, on behalf of Midhco, as the economic deputy of the Kohsorkh region, has become the executor of the company's social responsibility programs in rural areas.

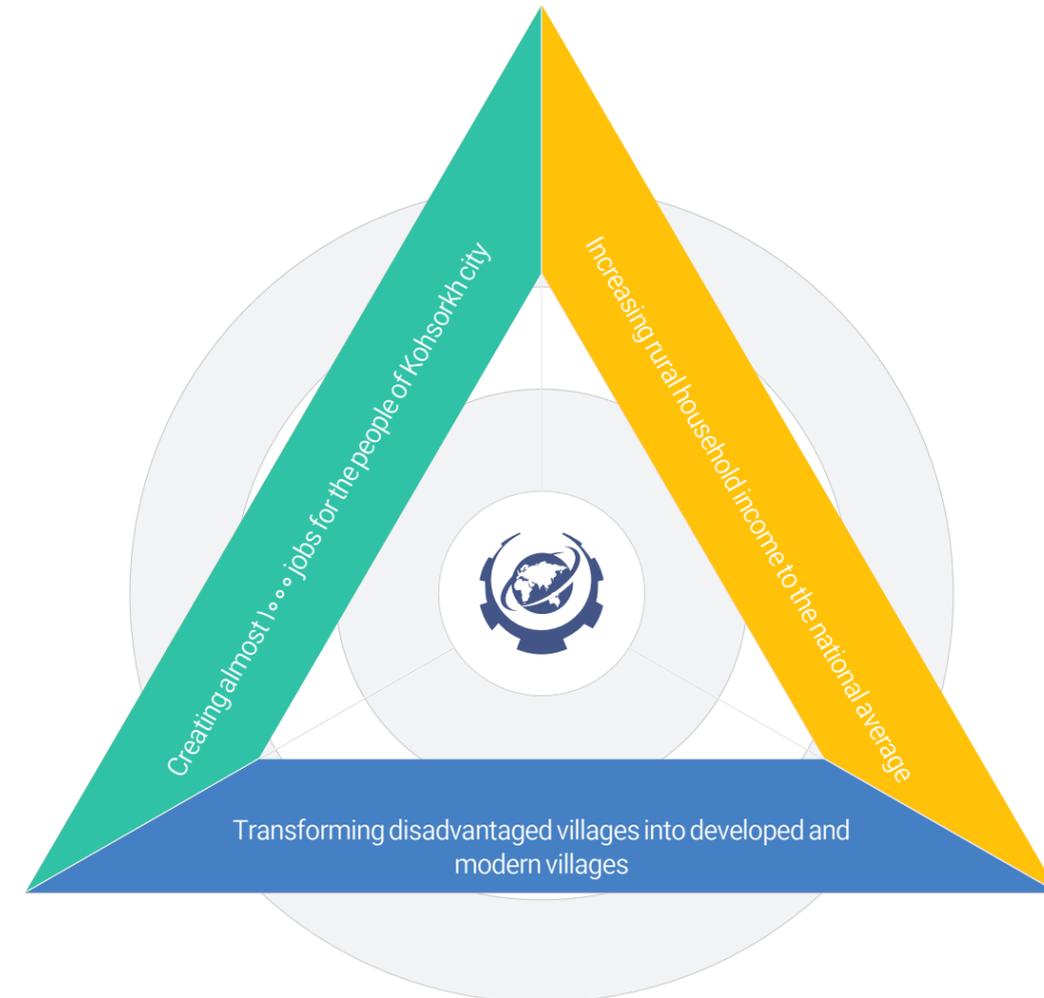


Figure 3: Midhco's social responsibility goals in the Kohsorkh



### 3 Planning and creating communication networks and analyzing the collected information

- 1-3 Creating a network of investors and economic actors
- 2-3 Creating popular networks in priority sectors of the economy
- 3-3 Creating a joint cooperation network with the focus on family livelihood
- 4-3 Establishment of communication network between rural facilitators and people
- 5.3 Using backups to implement value chains
- 6-3 Moving the renovation and development of the village by testing at least one village

### 4 Empowering the definition of micro fund projects:

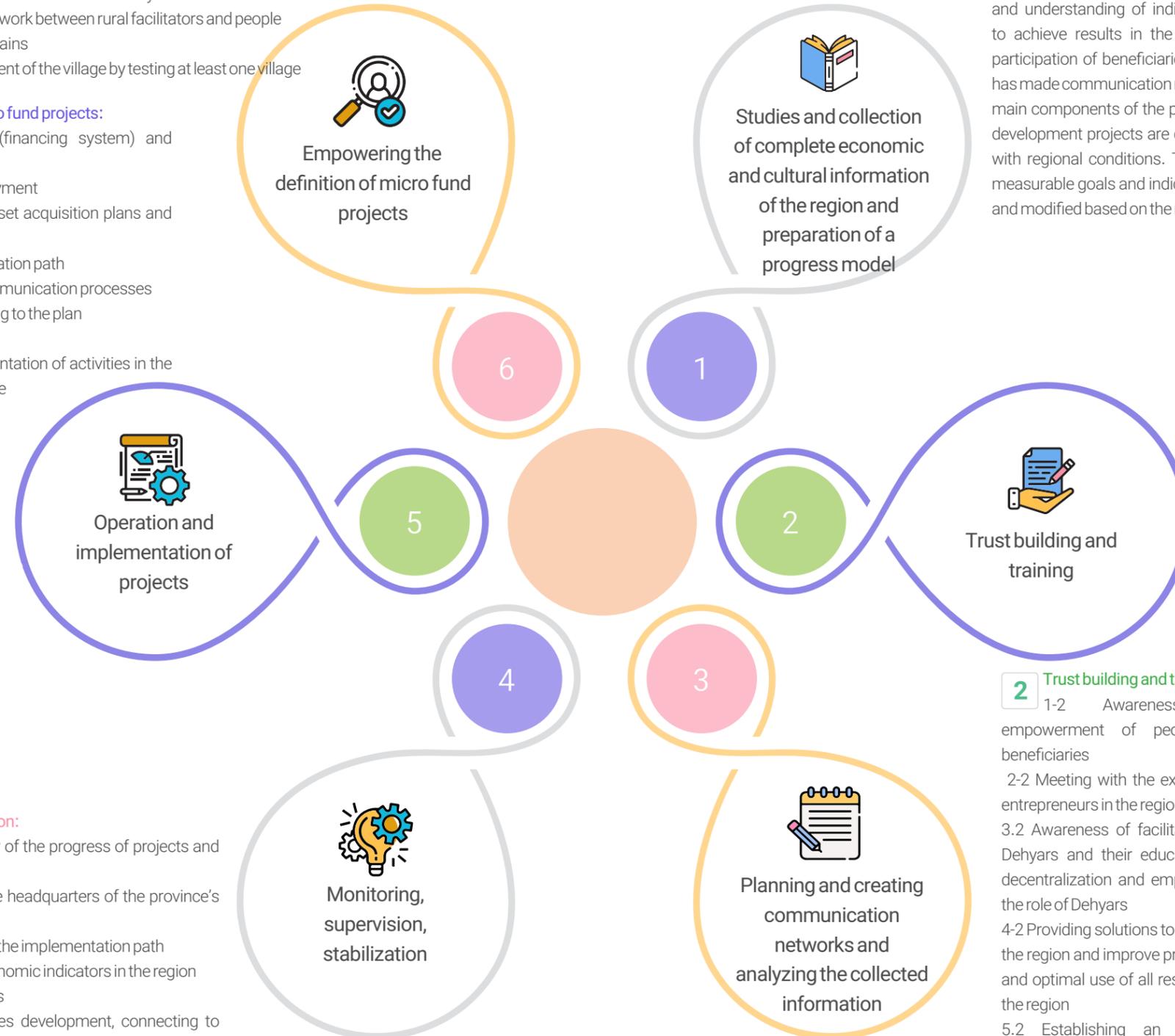
- 1-4 Formation of micro-funds (financing system) and preparation of fund regulations
- 2-4 Providing the tools needed for employment
- 3-4 Assistance in transferring capital asset acquisition plans and projects to the private sector
- 4-4 Specialized support in the implementation path
- 5-4 Facilitation in administrative and communication processes
- 6-4 Definition of service projects according to the plan
- 7-4 Enhancing skills
- 8-4 Monitoring program for the implementation of activities in the rural layers of the city, county and province

### 5 Operation and implementation of projects:

- 1-5 Obtaining activity licenses
- 2-5 Start of executive operations of projects and development of investment in the region in 5 levels of macro, medium, empowerment, future research, and urban and rural regeneration projects
- 3-5 Definition of development projects for cultural, health, education and training services
- 4-5 Identifying and using incentives and support facilities in the city

### 6 Monitoring, supervision, stabilization:

- 1-6 Monitoring and detailed review of the progress of projects and plans
- 2-6 Submitting continuous reports to the headquarters of the province's economic resilience
- 3-6 Designing obstacles and problems in the implementation path
- 4-6 Investigating the improvement of economic indicators in the region
- 5-6 Evaluation of economic achievements
- 6-6 Regional branding and product sales development, connecting to national and international markets
- 7-6 Establishment of sales centers for rural and urban products



## The process of local community development in Midhco social responsibility

Understanding the importance of targeting and sustainability of local community development programs, Midhco has tried to model progress in Kohsorkh region based on local needs assessment and understanding of indigenous potentials. In addition, in order to achieve results in the development of the local community, participation of beneficiaries and the use of social capital, Midhco has made communication networks based in the region as one of the main components of the progress model. Finally, local community development projects are defined and implemented in accordance with regional conditions. These projects are monitored based on measurable goals and indicators so that programs can be reviewed and modified based on the reports obtained.

### 1 Studies and collection of complete economic and cultural information of the region and preparation of a progress model:

1-1 Review of sector-development documents, employment document and land management, business plans and rural feasibility study, village goals card and etc.

2-1 Study and review of the production and employment status of the village

3-1. Examining the existing capacities in the region and identifying the current projects with problems and semi-finished plans, and the development capacities

4-1. Accurate identification of bottlenecks, challenges and existing economic and cultural threats in the region

5-1. Preparing a model for the progress of the region and approving the sides of the economic triangle and the economic resilience headquarter of the city

### 2 Trust building and training:

1-2 Awareness and empowerment of people and beneficiaries

2-2 Meeting with the experts and entrepreneurs in the region

3-2 Awareness of facilitators and Dehyars and their education and decentralization and emphasis on the role of Dehyars

4-2 Providing solutions to empower the region and improve productivity and optimal use of all resources in the region

5-2 Establishing an executive structure consisting of one executor and at least two facilitators



### Local community development plans in the Kohsorkh

Implementation plans for the development process in Kohsorkh are divided into two categories: medium-term and long-term

#### Long-term plans

- Organizing and supporting disadvantaged carpet weavers
- Establishment of Women Entrepreneurs Cooperative
- Opening of a clothing workshop
- Establishment of Medicinal Plants Cooperative
- Creating a book of investment opportunities

#### Mid-term plans

- Providing general and skills training
- Supporting students through the reconstruction and renovation of schools
- Improving public health and tackling the corona
- Holding a photo festival
- Participating in provincial exhibitions of products
- Public mountaineering conference in Kohsorkh

### Med-term projects and plans for social responsibility in Kohsorkh

#### 1-5 Providing general and skill training

Holding general and skill courses as well as agricultural workshops in the city of Kohsorkh with the participation of the Municipal Education Institute and the Technical and Vocational Organization of Khorasan Razavi Province.



Almond planting training courses, ICDL training classes

Goal until 1405	People trained so far	Holding training classes
300	40	carpet weaving
100	25	Mat weaving
100	35	Fert weaving
100	14	Carpet weaving
100	15	Jajam weaving
100	80	ICDL
100	38	Fast typing
200	58	Creativity and entrepreneurship
50	30	Cactus cultivation
50	15	Felting
1200	350	Total

Goal until 1405	Participant so far	Holding training classes
300	106	Cultivation of almonds
250	65	Cultivation of walnuts
100	42	Cumin cultivation
50	12	Barberry
50	30	Damask rose
100	40	Medicinal Plants
250	115	Light stock
50	20	mushroom planting
50	10	Cultivation of tomatoes

General and skill training courses held in Kohsorkh

#### 2-5. Student support and school reconstruction:

- Distribution of 200 packages of support plan for the purchase of stationery among the needy students
- Providing internet equipment for Shahid Mohammadzadeh School
- Reconstruction of the toilet of Tanurjeh village school
- Payment of a subsidy for the repair of the boiler room of the school of Khezrbek village, Painting the benches and walls of Shahid Ramezani school in Tundar village



#### 3- 5 Increasing public health and fighting with Covid-19

- Providing masks, guns and disinfectants for Rivash medical staff
- Payment of reconstruction allowance for corona test site in Rivash Health Center
- Providing a blood pressure monitor for Rivash medical staff
- Providing the cost of repairing the Rivash health engine room system in the amount of 25 million Tomans



#### 4-5 Holding Kohsorks photo festival

In order to achieve the goals of cultural development and attract the participation of young people, the first Kohsorkh Photo Festival was held with the participation of one 100 amateur and professional photographers and the submission of more than 600 works. At the end of the festival, seven selected works were honored in the presence of the governor, the Friday prayer leader, the head of the Islamic Culture and Guidance Office, and the head of the Kashmar Cultural Heritage Office. Other benefits of holding such ceremonies include linking art with the tourism and investment capacities of Kohsorkh, preparing a landscape album, and thus the prosperity of the region's tourism economy.



#### Public mountaineering in Kohsorkh

In order to achieve its social responsibility goals in Kohsorkh, Midhco held two mountaineering event in the highlands of the region. The purpose of holding these programs was to raise the level of community health and promote mountaineering as a public and accessible recreational sport in Kohsorkh region. Also, these measures will raise the level of standardization of the city's tourism activities to attract nature and mountaineering lovers from neighboring cities such as Kashmar, Neishabour and Mashhad.



#### Participating in provincial exhibitions of agricultural products

In order to help the activities of entrepreneurs in the city, a booth for the products of the Women and Medicinal Plants Cooperative Company of Kohsorkh city was provided in the permanent exhibition of rural cooperative products in Mashhad.



#### Long-term social responsibility projects and plans in Kohsorkh

##### 1-6 Supporting and organizing disadvantaged carpet weavers

Given the specific economic goals of supporting and developing handicrafts, including carpet weaving, which has many benefits, including the lack of adverse environmental effects, the use of indigenous talent and knowledge, the elimination of hidden agricultural unemployment, job creation, sustainable income and expansion of non-oil exports, the second carpet weaving workshop created by the economic deputy was opened on 05/04/1400 in Qaracheh village with the presence of Mr. Shakeri the governor, Mr. Hedayati the representative of the governorate, Mr. Ajami, Mr. Malekzadeh, the Dehyar of the village, economic deputy experts and people.



##### 1-2 Establishment of Kohsorkh Entrepreneur Women Cooperative

Kohsorkh Women's Cooperative was set up under the supervision of the Rural Cooperative Office, whose members include all entrepreneur women in Kohsorkh city. One of the goals of establishing this cooperative is to increase women's participation in economic, cultural and educational group work in order to improve the social and economic status of women, as well as to create quick-return employment and support home-based jobs. This cooperative, which was put into operation with the support of the Kohsorkh Governorate and the Imam Khomeini Relief Foundation, helps to remove obstacles and problems for women and increase the sales of its members' products under the brand of the Kohsorkh Cooperative. Midhco is also working on its social responsibility to find potential investors to develop women's products under the support of women's cooperatives.



##### Inauguration of the first clothing workshop in the village of Ivar

Considering that the establishment of a sewing workshop can achieve goals such as sustainable employment, training of trainees and self-sufficiency in clothing and handicrafts, and also in order to support the establishment of production workshops, the Golden Needle sewing workshop in Ivar village was established with the consultations of the economic deputy and with the help of women's mobilization and the Kashmar revolutionary guards.

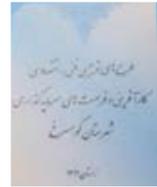




بخشی از فعالیت های تعاونی  
گیاهان دارویی

#### 4-6 Launching medicinal plants cooperative

Establishment of Medicinal Plants Cooperative Company under the supervision of Rural Cooperative Office, whose members include all producers of medicinal plants in Kohsorkh city. The cooperative aims to seek the support of the government in providing facilities in the field of infrastructure projects and processing and packaging, as well as supporting producers in obtaining the necessary licenses from government agencies, providing advice, and free general and specialized training for cooperative members, finding suitable export markets, as well as the creation of new trade channels.



Investment  
opportunity booklet

#### 5-6 Creating an investment opportunity booklet

In order to identify and introduce opportunities in the technical and economic format to the investor and increase the justifiability of the owner of the capital for investment, a booklet is provide to introduce investment opportunities. This booklet is prepared and provided for the applicants of launching entrepreneurial projects, by examining opportunities, obtaining the opinions of experts and entrepreneurs, meeting and talking.

#### Reflection of Midhco social responsibility in Kohsorkh

Midhco has achieved remarkable success in achieving its goals and social responsibilities in the region, which has won the trust and support of provincial and city officials and respected people in the region, including Dr. Labbafi the secretary of the economic resilience institution of the province, Mr. Reza Ramezani Nia the governor of Kohsorkh, the appreciation of the Welfare and Education Department of Kohsorkh from Midhco Company.



Appreciation of the Welfare Office, appreciation of the Education Department



Appreciation of agricultural Jihad, appreciation of the governor of the Kohsorkh

### Appendix 1: Compliance of Social Responsibility Report with GRI Standard and Management Social Responsibility Model

#### Section 1: Social Responsibility Management

Topics of the management social responsibility model	GRI Topics	Pages	Title
M1-1-1	102-14 103-2 103-3	2	Message from the CEO
M1-1-3,6,8	102-2 102-46 102-48 102-49 102-50 202-52 103-1	6	Structure of social responsibility report
M1-1-1 M1-1-3 M1-1-6 M1-2-1	102-18 102-19 102-20	12	Pillars of Midhco Social Responsibility
M1-2-3 F-2-1-5	103-1 103-2 103-3	14	Social responsibility in the cooperate governance of Midhco
F2-1-1,3	102-2 102-4	16	The role of Midhco in national development
M1-1-2 M1-2-2 F2-1-2 L3-3-4	102-40 102-42 102-43 415-1	18	Midhco beneficiaries
-	101 102-1 102-3	21	Midhco at a glance

#### Section 2

Topics of the management social responsibility model	GRI Topics	Pages	Title
F2-1-1	102-14 102-16 102-26	24	Midhco strategic dimensions
M1-1-7 M1-2-1,5	102-20 102-23 102-26 102-32	26	Midhco management structure
-	102-4	32	Midhco production projects in Iran



L3-2-13	102-2	34	Midhco production performance
F2-1-8,9,10,14	201-1 203-2	36	Midhco Economic Performance
F2-1-6	102-13	38	Measuring customer satisfaction in Midhco
F2-4-4,5,6,8	404-2	40	Knowledge management system in Midhco
M1-2-4	102-3 205-3	42	Risk management system in Midhco
M1-3-5 L3-1-9 L3-2-25	102-12	44	Midhco Honors and Awards in the year 99
F2-1-4,5 F2-3-2 L3-1-3,5	102-16 102-17 103-1 103-2 205-1 205-2	46	Behavioral Responsibilities in Midhco Business

### Section 3

Paragraphs of the management social responsibility model	GRI Paragraphs	Pages	Title
L3-1-1,2 L3-2-1,2	201-1 203-2	52	Midhco Environmental Responsibilities
F2-4-7,8 L3-4-3	305-5	54	Environmentally friendly technologies
F2-4-2 L3-2-10,11	102-12 303-1 303-2 303-3	56	Protection of water resources
L3-2-3,4,8,15,16	102-6 301-1 302-2 305-3	60	Energy efficiency
L3-2-6 L3-2-7	102-4	62	Landscape development

### Section 4

Paragraphs of the management social responsibility model	GRI Paragraphs	Pages	Title
M1-2-7 L3-6-1,2,3,9,13,14,15,17,18 L3-7-2,3,4,5	401-2 401-3 403-2 404-1 404-2 405-1	68	Social Responsibility Approaches in Midhco Human Resources

L3-7-4,5,6,7,8	403-2 403-3	83	Inhibiting the outbreak of Covid-19 in 1399
F2-1-14	8-102	88	Midhco Human Capital at a Glance
L3-6-10	-	90	Job satisfaction measurement
F2-2-2,5,11 F2-4-5	413-1	92	Local community development

### Appendix 2: Contributors to the Report

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Mr. Amin Sabzevari	4
Mr. Ebrahim Bagheri	5
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Mr. Heidari	1
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Human capital development management	Number
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Midhco Social  
Responsibility  
Report

2020



Social  
Responsibility  
Management



Economic  
value  
Creation



Protection  
and  
Improving the  
Environment



Development  
of Human  
Capital and  
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